Daily Report

Latin America

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FBIS-LAT-94-134 *13 July 1994*

CONTENTS

NOTICE TO READERS: An Ω indicates a Foreign Media Note.

CARIBBEAN

Cuba

Robaina: Country Not To Sign Tlatelolco Treaty Soon *[NOTIMEX]* 1
Discusses Haiti, Offers Aid *[Havana Radio]* 1
UN Human Rights Commissioner Invited to Visit *[Havana Radio]* 2
Castro Attends Reception for Brazil's Amorim *[Havana TV]* 2
Brazil's Amorim on Investments, Trade With Cuba *[Havana Radio]* 3
Comments Before Departure *[Havana Radio]* 3
Chilean Foreign Minister Cited on Robaina Visit *[Havana Radio]* 3
Argentine-Cuban Antidrug Commission Meets *[Havana TV]* 3
Cuba, Russia Seek Funds To Finish Nuclear Plant *[Havana Radio]* 4
PRC Minister Peng Visits Maternity Hospital *[Havana Radio]* 4
Espin Bids Farewell to PRC Minister *[Havana TV]* 4
Castro Attends International Neuropathy Workshop *[Havana TV]* 5
Robaina: Political Changes 'Generational Renewal' *[NOTIMEX]* 5
Further on Robaina Comments *[Havana Radio]* 5
Pinar del Rio PCC First Secretary Replaced *[Havana Radio]* 6
Rollero Promoted to Villa Clara PCC Committee *[Santa Clara Radio]* 6
Penal Modifications Punish Inciting 'Rioting' *[Havana Radio]* 6
Legal Authorities Discuss Modifications *[Havana Radio]* 7
Isle of Youth To Host Moncada Barracks Celebration *[Havana Radio]* 7
Caibarien Municipality To Host Moncada Events *[Santa Clara Radio]* 8
Institute Releases 1993 Census Figures *[Havana Radio]* 8
Union Official Announces 'Significant Changes' *[Havana Radio]* 8
Water Official on Problems With Havana Supply *[Havana Radio]* 8
Vegetable, Tuber Production Drops in Havana Province *[Havana TV]* 9
Villa Clara Extends Sugar Harvest to September *[Santa Clara Radio]* 9
Scheduled Villa Clara Power Outages Announced *[Santa Clara Radio]* 9
Workers Seek Solutions to 'Precarious Situation' *[Havana Radio]* 9
Aerogaviota Charter Airline Described *[GRANMA INTERNATIONAL 8 Jun]* 10
Editorial Reaffirms Economic Efficiency Imperative *[Havana Radio]* 10

Dominican Republic

Strikes Against Electoral Fraud Spread *[Hamburg DPA]* 10

Haiti

Clinton Finds 'Excuse' in Jonassaint Ultimatum *[Port-au-Prince Radio]* 11
Passports of Resigning Ministers Canceled *[Port-au-Prince Radio]* 11
UN Official Expresses 'Indignation' at Departure *[Port-au-Prince Radio]* 11
Sansaricq Senate Approves Monetary Emission *[Madrid EFE]* 11
Military Arrests 21 Prospective Boat People *[Port-au-Prince Radio]* 12
More Than 15,000 Refugees Live on Guantanamo *[Port-au-Prince Radio]* 12

MEXICO

Tello Denounces U.S. Immigration, Haiti Policies *[NOTIMEX]* 13
Article on Secretary's Remarks on U.S. Trade Stands *[EL FINANCIERO 7 Jul]* 13
Secretary Briefs Senators on Economy, Notes U.S. Sales *[Mexico City TV]* 14

CENTRAL AMERICA

Honduras

Morazanist Command Unit Claims Attack in Comayagua *[LA TRIBUNA 9 Jul]* 15
Roundup of Economic Developments *[NOTIMEX, etc.]* 15

Panama

Vice President: Endara Could Reconsider Haitian Issue *[Panama City TV]* 15
Acting Foreign Minister Comments *[Panama City TV]* 16
President-Elect on Haiti Invasion, Possible Cedras Asylum *[Madrid EFE]* 16
Spokesman on 'Negotiated Asylum' *[Panama City TV]* 17
Chamber of Commerce President Asks Study of Haitian Issue
[LA ESTRELLA DE PANAMA 12 Jul] 17
Haitian Refugees Issue Stirs Controversy in Assembly *[Panama City TV]* 18
Union Leader Urges Debate on Haitian Issue *[LA ESTRELLA DE PANAMA 12 Jul]* 18
MOLIRENA Rejects President-Elect's Offer of Posts *[LA PRENSA 12 Jul]* 18

SOUTH AMERICA

Argentina

Di Tella: UN Must Approve Intervention in Haiti *[NOTICIAS ARGENTINAS]* 19
UN Urges Argentina, UK To Negotiate Falklands Issue *[NOTICIAS ARGENTINAS]* 19
Di Tella on Hopes for Settling Incident With Brazil *[NOTICIAS ARGENTINAS]* 19
Menem Announces Government Computer System *[NOTICIAS ARGENTINAS]* 20
Menem Defends Economic Plan at Stock Exchange Ceremony
[NOTICIAS ARGENTINAS] 21

Bolivia

Peasant Leaders Involved in Drug Trafficking *[LOS TIEMPOS 28 Jun]* 21
Congressmen Reject Possible Extension of Presidential Term *[HOY 29 Jun]* 21

Brazil

Lula's Party Leaders Want Mercosur Timetable Revised *[GAZETA MERCANTIL 11 Jul]* 22
Poll Indicates Lula Leading; Two Rounds of Elections Likely *[Rio de Janeiro TV]* 23
Central Bank Economist Views New Exchange System *[O GLOBO 9 Jul]* 23
Coffee Exports Again Suspended Following July Frosts *[GAZETA MERCANTIL 11 Jul]* 24
Editorial Examines Diplomatic Incident With Argentina *[O ESTADO DE SAO PAULO 10 Jul]* .. 24
Argentina's Menem Invites Franco to Mercosur Summit *[GAZETA MERCANTIL 11 Jul]* 25
Further on Disagreement With Brazil, Menem Letter *[AGENCIA ESTADO]* 26
ROK Envoy To Visit, Discuss 'Secret' DPRK Nuclear Plan *[O GLOBO 12 Jul]* 26
Roundup of Electoral Reports *[FOLHA DE SAO PAULO 2 Jul, etc.]* 26

Chile

Pros, Cons of NAFTA, Free Trade Accord Viewed *[LA TERCERA DE LA HORA 29 Jun]* 27
Carabineros Director To Stay, Resumes Duties *[Santiago TV]* 28
CUT Workers Rally; Incidents Reported *[Santiago TV]* 28
Report on Current Situation in 'Terrorist' Groups *[EL MERCURIO 26 Jun]* 29
New Ambassador to U.S. Interviewed *[LA NACION 1 Jun]* 29
Pending Human Rights Cases Reviewed *[QUE PASA 21 May]* 30

Colombia

DEA Cancellation of Police Meeting Termed 'Snub' *[Santa Fe de Bogota TV]* 31
Agent Alleges DEA Agents Accepted Cartel Money *[Hamburg DPA]* 31
Defense Ministry: DEA Cancellation Strains Relations *[Santa Fe de Bogota TV]* 32

Police Attache Explains Director's Visit With DEA *[Santa Fe de Bogota TV]* 32
New Cassette Blamed for Cancellation of Vargas Visit *[Santa Fe de Bogota TV]* 32
Defense Ministry Communique Notes 'Displeasure' With Canceled Visit
[Santa Fe de Bogota TV] 33
Gaviria, Sanin Express Displeasure at U.S. 'Snubs' *[Santa Fe de Bogota TV]* 34
Defense Ministry Issues Second Communique on Vargas Visit, Tape *[Santa Fe de Bogota TV]* 34

Ecuador

Supreme Court President Views Judiciary *[HOY 5 Jun]* 34
CONADE Chief Outlines Development Plans *[HOY 6 Jun]* 36

Peru

Colombia's Gaviria Ends Official Visit *[Lima TV]* 37
Prime Minister Goldenberg Interviewed *[EXPRESO 25 Jun]* 37
Police Focus On SL Dissident Leader *[EXPRESO 28 Jun]* 38

Uruguay

Foreign Minister Abreu Interviewed in Spain *[EL PAIS 7 Jul]* 39
Minister Reviews Attack On Bus Union Office *[Madrid EFE]* 40

Venezuela

Caldera Opens Fedecamaras Assembly *[Caracas TV]* 41
Finance Ministry, Central Bank Sign Exchange Accord *[ECONOMIA HOY 11 Jul]* 44
Interior Minister on Haitian Refugees Issue *[EL GLOBO 12 Jul]* 44

Guyana

Government To Consult Opposition on Haiti Safe Haven *[Kingston Radio]* 45
Commissioner on Environmental Effects of Mining *[Bridgetown TV]* 45

Cuba

Robaina: Country Not To Sign Tlatelolco Treaty Soon

PA1307021694 Mexico City NOTIMEX in Spanish 2134 GMT 12 Jul 94

[Text] Havana, 12 Jul (NOTIMEX)—Cuban Foreign Minister Roberto Robaina today ruled out the possibility that Cuba would sign the Tlatelolco Treaty, which bans nuclear weapons in Latin America in the near future. The foreign minister said during a news conference that "no one has set a date or a deadline" for the signing of the regional pact, which was promoted by Mexico in 1967 and has been ratified by most Latin American countries.

Robaina said Cuba "was very receptive to arguments presented" by Brazilian Foreign Minister Celso Amorim, who was on an official visit to the Caribbean country over the weekend and called upon local authorities to sign the treaty. Cuba's incorporation into the pact "would be a clear sign that Cuba is not a threat to any country in the hemisphere," Nunez Amorim said to reporters just prior to returning to his country.

"Cuba has expressed its receptiveness to positively evaluate (the treaty), but we are not desperate to sign it, Robaina asserted. The Tlatelolco Treaty has "a special meaning for Cuba because conditions are not normal in this country because there is a [military] base located in our territory. Any decision the country makes in this respect has to be thoroughly considered," he said.

Cuba announced at the first Ibero-American Summit, held in Guadalajara, Mexico in 1991, that it would sign the Tlatelolco Treaty after all Latin American countries had done so. "Cuba is not going to be absent" from the pact, Robaina observed. He recalled, however, that Brazil had waited 25 years to sign it and that several Caribbean countries have still not signed it.

Discusses Haiti, Offers Aid

FL1307022494 Havana Radio Rebelde Network in Spanish 2300 GMT 12 Jul 94

[From the "Exclusive" program]

[Text] On 12 July, Foreign Affairs Minister Roberto Robaina Gonzalez held a news conference with the national and international press accredited in Havana. Among other issues, Robaina broached the subject of the current situation in Haiti and its refugees. The United States presently has confined over 1,000 Haitian refugees in the Guantanamo Naval Base. This is Robaina's opinion:

[Begin Robaina recording] What Cuba does condemn and question is the manner in which the United States tries to resolve on foreign coasts what it does not want to resolve on its own coasts. That is what Cuba continues to denounce. Cuba will never refuse to receive those Haitians who arrive on our shores. In another time we received them, and today more than ever, we will receive them. What Cuba will continue to denounce is the United States wanting to resolve on foreign shores what they do not wish to resolve on their own shores. That is a deceptive, dishonest, and dirty policy. We will continue to denounce this. How are they going to resolve problems on the base? That is a problem that the United States will have to resolve. We will continue our sacred, religious policy on the issue of refugees as we have to date; and in the particular case of Haitian refugees, we will continue with the attention and procedures that we have always followed.

I have just met with UN representatives from the Commission on Refugees, and we have discussed this issue. They questioned me about a possible resolution. Unfortunately, I believe that this question has to do with why there seem to be no solutions, why everyone says that we are in a deadlock situation. I would like to be categorical about this. I do not believe that we are in a deadlock situation. I believe that the Haitian situation has been taken to a deadlock situation with only one alternative. They are trying to prepare the world for the alternative of a military intervention. For this ministry and for me, it is very traumatic and very hard to hear and read what we have recently read. They are waiting for the World Soccer Championships to conclude and immediately afterward, take action. It seems that after the World Soccer Championships conclude, there is no television event to offer the world, and especially the United States audience, so they are preparing the next event for after the 17th [of July—the World Championship soccer game]. Playing with the lives of millions of Haitian men, women, and children in that manner denotes very little sensibility in the face of something that I believe could have been resolved long ago through negotiations, without blockades, and without military intervention. [end recording]

Robaina also broached the subject of Cuban emigres and their relations with Cuba's government. These relations have advanced, and I quote; have advanced very much since the conference in April:

[Begin Robaina recording] As you know, there has been a meeting, which took place in another country, of writers and intellectuals. We are currently preparing smaller meetings—I do not want to announce them at this time, but there are small matters pending. When we spoke at this meeting, we agreed that much better than a huge conference would be a meeting among journalists, young people, women, intellectuals, and writers. Cuban painters, artists, and intellectuals who reside outside of Cuba and who maintain an attitude of respect toward Cuba have begun to participate in the cultural life of the island; a Cuban painter who resides in Mexico exhibits in the international press center; the participation of musicians and artists in other events is planned. I believe, friends, that this is a path that is more normal than it is a news item. I believe that we will advance

further on this path. When is the second conference going to take place, some ask. I prefer to advance more step by step and when conditions so warrant. There will be a second and a third conference—to the same measure that there is a government for life, a will for life, and a Cuban diaspora for life as well. [end recording]

Robaina advised, during the press conference, on the changes that are taking place in the leadership of the Communist Party of Cuba in several provinces and the return of Cuba to the Organization of American States, among other issues.

UN Human Rights Commissioner Invited to Visit

PA1307045294 Havana Radio Havana Cuba in Spanish 0000 GMT 13 Jul 94

[Report on interview with Vice Foreign Minister Isabel Allende by Barbara Betancourt and unidentified reporters; place and date not given; from the "Evening Information Review" newscast—recorded]

[Text] It was reported in Havana this weekend that the Cuban Foreign Ministry will invite Jose Ayala Lasso, UN high commissioner for human rights, to visit Cuba. Vice Foreign Minister Isabel Allende confirmed these reports.

[Begin recording] [Allende] He is an Ecuadoran ambassador who on various occasions has expressed interest in visiting Cuba, just as he visits other countries in the world. Based on his interest, we decided to invite the UN high commissioner to visit our country without any preconditions. We have nothing to hide in the area of human rights.

The fact that we have invited him is very significant. We have never refused to discuss the matter. Our position on the subject of human rights has been one of refusing to accept rapporteurs or inspectors who are unnecessary—in other words, things that are totally unjustified or uncalled for. Should Ayala, the UN high commissioner for human rights, accept our invitation to visit Cuba, we would be very pleased.

[Reporter] Do differences concerning the rapporteur remain the same?

[Allende] Yes, they remain the same.

[Betancourt] There are also reports that Nobel Prize laureates will also be invited.

[Allende] We are considering the possibility of inviting personalities who would like to come to Cuba to discuss the subject, but there is nothing definite yet.

[Reporter] When will he come?

[Allende] High Commissioner Ayala can come whenever he wants.

[Reporter] [Words indistinct]

[Allende] He has to make many visits. [end recording]

We also asked Vice Minister Allende about the possibility of Cuba signing the Tlatelolco Treaty for Latin America's denuclearization.

[Begin recording] [Allende] Well, that is something that... [pauses] after all, it took Brazil 25 years to sign the agreement. We must take our time, because although we are receptive in principle, we must review various factors. Therefore, I cannot say when this will happen.

[Reporter] Do you plan to sign it?

[Allende] I was not present at the meeting between the foreign minister and President Fidel Castro. All of you know that President Fidel Castro is a man who keeps his word. If President Fidel Castro has said this subject will be reviewed objectively, it will be. Logically, this is a decision that President Fidel Castro cannot make alone. Contrary to what has been said, this is a democratic country, where decisions are not made by one person. [end recording]

Castro Attends Reception for Brazil's Amorim

FL1307003494 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 12 Jul 94

[Text] After completing an official two-day visit to Cuba, Brazilian Foreign Minister Celso Nunes Amorim returned home. At the airport, he was bid farewell by his Cuban counterpart Roberto Robaina, as well as by Jose Nogueira Filho, Brazilian ambassador to Cuba, and other officials of the Cuban Ministry of Foreign Relations.

In a news conference held minutes prior to his departure, Nunes Amorim highlighted the possibilities of cooperation in various areas between Cuba and Brazil. Nunes Amorim reiterated his government's rejection of the U.S. blockade and described his talks with Cuban President Fidel Castro as friendly and of mutual interest.

[Begin recording] [Nunes Amorim] From our standpoint, the importance of our visit has been the reaffirmation of our political willingness to work toward Cuba's reincorporation into the regional and international arena.

[Unidentified reporter] What points of view will Brazil take to the Summit of the Americas?

[Nunes Amorim] As all of you know, the Summit of the Americas was the United States' idea. Brazil sees this summit as positive because we believe it provides the opportunity for high-level dialogue on the great problems of this hemisphere. We would have liked for all the countries of the continent to be represented. [end recording]

Last night, Cuban President Fidel Castro attended the reception at the Brazilian Embassy in honor of Celso Nunes Amorim. Other high-ranking Cuban officials

were also present. Amorim fulfilled a tight work schedule during his stay in Cuba, which included visits to several institutions, and high-level talks with Cuban officials.

Brazil's Amorim on Investments, Trade With Cuba

FL1207153194 Havana Radio Rebelde Network in Spanish 1700 GMT 9 Jul 94

[Report by Elia Saldina for the "National Radio News"]

[Text] The willingness to increase relations of economic cooperation between Cuba and Brazil was stated today by Brazilian Foreign Minister Celso Nunez Amorim following a meeting with Foreign Trade Minister Ricardo Cabrisas.

[Begin Amorim recording] Referring to this, we discussed the possibility of sending a Brazilian business mission to Cuba. We will try to organize this as soon as we return to Brazil. We have a partial agreement aside from the legal framework to regulate trade, but we want to check on the possibility of reaching what we call in the area a new-generation agreement, meaning a complementary economic agreement. In addition to dealing with trade issues, this agreement will deal with investment, services, and exchange of persons because I believe trade nowadays does not only involve purchases and sales—particularly trade dealing with investments, joint enterprises. I truly believe this is all very positive. [end recording]

Celso Nunes Amorim termed as very positive the Cuban process of economic opportunities and the opportunities which the process allows. The Brazilian foreign minister will conclude his visit to our country tomorrow.

Comments Before Departure

FL1207165394 Havana Radio Reloj Network in Spanish 1930 GMT 10 Jul 94

[Text] On 10 July, Brazilian Foreign Minister Celso Luis Nunes de Amorin described his official visit to Cuba as very positive and productive. During a news conference prior to his return to Brasilia, Amorim listed among the accomplishments of his visit, the meeting with President Fidel Castro and Army General Raul Castro, minister of the Revolutionary Armed Forces, as well as talks with Roberto Robaina, and other officials.

Regarding the meeting with Castro, Amorim pointed out that it focused on President Itamar Franco's letter and his position at the Cartagena de Indias summit. Two facts, Amorim added, that reflect Brazilian solidarity toward Cuba and the strengthening of bilateral ties.

During the news conference Amorin added that Robaina had authorized him to announce that the Cuban Government will invite the UN high commissioner on human rights, ambassador Ayala Lasso. This is a recently created post. At the same time, Amorim stated that he found Cuban authorities receptive to study the possibility of signing the Tletalolco Treaty of 1967. Amorim added that Brazil wants to increase economic ties with Cuba and that toward this end, visits by Brazilian businessmen and state organizations will be promoted.

Vice Foreign Minister Isabel Allende, Brazilian Ambassador Jose Nogeira and Cuban Ambassador Ramon Sanchez-Parodi were in attendance at the news conference.

Chilean Foreign Minister Cited on Robaina Visit

FL1107134794 Havana Radio Progreso Network in Spanish 1100 GMT 11 Jul 94

[Text] Chilean Foreign Minister Carlos Figueroa has stated that his government is interested in maintaining the best of relations with Cuba and its people. During an interview with Santiago de Chile's LA NACION newspaper, Figueroa stated that the forthcoming visit of Foreign Minister Roberto Robaina will be one more gesture of rapprochement between the two nations. Figueroa added that the establishment of ties with Cuba at embassy level is being seriously considered. Figueroa went on to say that although Cuba and Chile have different political systems, the Chilean Government does not condition the reopening of embassies in Havana and Santiago de Chile on that.

Figueroa answered a question by a LA NACION reporter by stating: Who are we to say how the Cubans ought to solve their political system or human rights situation.

Figueroa pointed out that both countries maintain consular level ties, there are Chilean investments in Cuba, mutual airline flights, and tourism, and that the Chilean State Bank granted $10 million for the purchase of food, as well as the fact that Chile has condemned the blockade against Cuba.

Argentine-Cuban Antidrug Commission Meets

FL1107180694 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 7 Jul 94

[Text] The minutes of the first meeting of the Cuban-Argentine Commission on Cooperation To Fight Illegal Drugs and Psychotropic Substances Trafficking were signed on 6 July at the Justice Ministry. Doctor Eduardo Luis Gonzales, general director of international relations of the Secretariat for Drug Addiction Prevention and the Fight Against Drug Trafficking, signed for the Argentine side. The Cuban side was represented by Pablo Rodriguez, director of international relations of the Justice Ministry and member of the National Commission on Drugs.

The minutes explain how at the meeting both sides discussed in depth the general situation and the grave threat it represents for the health of the people, as well as the coordinated actions needed to fulfill the accord both nations signed in April.

The recommendations comprised in the minutes include exchanging information on laws and other measures

against illegal drugs, trafficking, and related crimes, as well as personnel training exchanges.

Cuba, Russia Seek Funds To Finish Nuclear Plant

PA1207000094 Havana Radio Havana Cuba in Spanish 0000 GMT 9 Jul 94

[Commentary by Roberto Morejon from the "Evening Information Review" newscast]

[Text] The completion of the Juragua electronuclear generating plant in Cienfuegos Province represents so much for Cuba in the energy-generation field that the country should not abandon an installation that plays so large a role in the effort to eliminate the country's dependence on imported oil. If Cuba completes the work with outside resources, it could avoid importing some 600,000 tons of crude oil, an energy source that exists in the island's subsoil but which at present must be located by exploration paid for with foreign capital.

Cuba's efforts to complete the plant, which has aptly been described as the project of the century, have been unsuccessful because the now-defunct Soviet Union declared itself incapable of financing the completion of the installation. The Cuban nuclear plant project, for which an agreement was signed in 1972 with the former Soviet Union, included the shipment of 12 reactors. One reactor had reached 90 percent in the engineering stage and 30 percent in the assembly stage when in 1992 it was decided to temporarily halt the generation of energy by nuclear means.

Last year Cuba and Russia agreed to allocate resources to maintain the atomic plant, and Moscow granted a $30 million loan. Since that date, however, both parties have increased efforts to find a third country to finance the completion of the project's first reactor. Cuba and Russia are trying to form an economic partnership whose activities would center on the electronuclear generating plant in Juragua, Cienfuegos Province, with the participation of a third partner, a purpose that fits perfectly with Cuba's opening to foreign capital. The association would hold exclusive rights to the generation of energy by nuclear means throughout the plant's useful life, a factor that has attracted several well-established concerns. These corporations have taken note of reports on the presence in Cuba of more than 1,000 nuclear energy experts and the creation of a scientific and technical infrastructure that has served as the basis for the assimilation of this technology.

Consequently, through the use of foreign capital and the signing of an agreement for an economic partnership with Russia, 146 of whose enterprises already operate in 25 sectors of Cuban industry, mining, and services, Cuba could in the future make up for an important portion of its present energy deficit.

PRC Minister Peng Visits Maternity Hospital

FL1207020794 Havana Radio Rebelde Network in Spanish 2300 GMT 8 Jul 94

[From the "Exclusive" program]

[Text] Peng Peiyun, PRC minister in charge of the state commission for family, has visited the Diez de Octubre Maternity Hospital, formally known as Hijas de Galicia Hospital. This hospital has the status of Friend of Mother and Child and will soon celebrate its 70th anniversary.

Peng Peiyun and her delegation were briefed on the satisfactory results of the maternity and breast-feeding programs. The visitors were very interested in the immediate combined lodging service that the hospital offers, the first facility to have this type of assistance in Cuba. The program consists of having the expectant mother admitted before giving birth, thus allowing her to be informed about this process and what type of care her baby should get.

Peng Peiyun stated that this type of achievement in Cuba's current situation is a result of the health care system implemented in Cuba and is only possible thanks to socialism.

Espin Bids Farewell to PRC Minister

FL1207205794 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 11 Jul 94

[Text] Peng Peiyun, Chinese Minister in charge of the state commission for family, concluded her five-day visit to Cuba, after completing an intense work schedule that included meetings with Cuban officials, in which issues were discussed relating to the agenda of the upcoming UN Conference on Population and Development and the World Women's Conference sponsored by the United Nations, which will be held in 1995 in Beijing, China. Vilma Espin, president of the Federation of Cuban Women, bid farewell to the Chinese official. According to Peng Peiyun, both sides expressed opinions on matters to be debated during these two events organized by the United Nations.

[Begin Peng Peiyun recording in Mandarin with superimposed translation into Spanish] We believe the demographic problem is linked to the development problem. [end recording]

China is the most densely populated developing nation. It contains 22 percent of the world's population: 1.185 billion inhabitants. The new family planning policy has impeded uncontrolled population growth, which has been reduced to 20 million births per year. Despite the many cultural and geographic differences that exist between Cuba and China, Vilma Espin stated that both sides agreed on many issues.

[Begin Espin recording] We have the same beliefs regarding the future of the world. In other words, we have [words indistinct] in what future needs are. [end recording]

Castro Attends International Neuropathy Workshop

FL1307012594 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 13 Jul 94

[Excerpt] Commander in Chief Fidel Castro Ruz, president of the Councils of State and Ministers, attended the inaugural session of the international workshop on the neuropathy epidemic, along with more than 200 delegates, including outstanding members of the international scientific community, who were also present at the workshop.

Dr. Abelardo Ramirez, first vice minister of public health, gave one of the first lectures, in which he spoke about the manifestations of the epidemic in Cuba, its treatment, clinical epidemiological aspects, and research being carried out. [passage omitted]

Robaina: Political Changes 'Generational Renewal'

PA1307022294 Mexico City NOTIMEX in Spanish 2110 GMT 12 Jul 94

[Text] Havana, 12 Jul (NOTIMEX)—Foreign Minister Roberto Robaina announced today that Cuba's political leadership began a generational renewal in a process that "we want to be increasingly natural and normal." Robaina said the changes in the Communist Party of Cuba (PCC) leadership in five of 13 provinces announced over the past four days "are not the only ones."

The PCC regional coordinators in the eastern provinces of Guantanamo, Holguin, Santiago de Cuba, and Villa Clara, and in the western province of Pinar del Rio were replaced by professionals less than 40 years old. Robaina's remarks coincided with Tuesday's announcement that the national 26 July holiday will be dedicated this time to youth, and that the central ceremony will be held on the Isle of Youth, 100 km south of Havana.

The official denied that he and Carlos Lage, vice president of the Council of State, had something to do with the changes. The two men are former leaders of the Young Communist Union (UCJ) and contemporaries of the new provincial leaders.

"I simply believe one has to realize that it has been 35 years" since the triumph of the revolution. "This system is harvesting the fruits of the great capabilities of boys and young people that it educated and trained technically, scientifically, and culturally." The new leaders, "rather than being Robaina and Lage contemporaries, are contemporaries of the revolution," the foreign minister noted. He is also one of the 25 members of the influential PPC Politburo.

Two of the new leaders held posts in the UCJ; namely, 33-year-old Jorge Luis Sierra Cruz, a mechanical engineer (Holguin), and 34-year-old Miguel Diaz-Canel Bermudez, an electrical engineer (Villa Clara). Also promoted were 38-year-old Juan Carlos Robinson Agramonte, a sociologist and mathematician (Santiago de Cuba); 45-year-old Rider Diaz Leyva, an engineer (Guantamano); and 36-year-old Maria del Carmen Concepcion Gonzalez, a historian (Pinar del Rio).

In Cuba "there is a change in economic, political, and social terms, and in partisan terms, the process that we just announced is taking place" in the provinces, Robaina noted. The foreign minister stated that the change in the provincial leadership has given rise to a transitional period that will last for weeks and during which the officials and their successors will work together, as opposed to the abrupt changes in the past.

The official added that a leader's tenure in his post has to be reduced. "The fact that a young person is appointed does not mean he will remain in that post for 30 years," he noted. The new leaders will remain in office for "six, seven, or eight years until another person, sufficiently young, arrives to take charge with full vigor of the new school term, the new sugar cane harvest, or the new agriculture."

Further on Robaina Comments

PA1307044194 Havana Radio Havana Cuba in Spanish 0000 GMT 13 Jul 94

[Report by Barbara Bethancourt from the "Evening Information Review" newscast]

[Text] Foreign Minister Roberto Robaina met with local and foreign reporters on Tuesday and announced that President Fidel Castro has already received an invitation to the 7 August inauguration of Colombian President Ernesto Samper. At the first meeting of this kind, which Robaina plans to hold regularly though the frequency is yet to be determined, the young minister was asked about various domestic and international topics. On domestic matters, he was asked about the recent changes in the party leadership of some provinces.

[Begin Robaina recording] I could say that before this change we had one in Matazanas; before that, we had one in Camaguey; and before that, we had the more recent changes in Havana Province. I think today we are simply making changes in provinces where none had taken place before. We had not done it in places where a group of comrades performed their duties at the head of areas entrusted to them. I think that when one talks of a process of change after such a long time, it is inevitable that comrades who have been groomed by the revolution and who have cultural, scientific, and technical training are taking over. I think this is part of a process that may answer some questions you may have. Some insist on asking if the changes only concerned economic matters. I think that, in sum, there are economic, political, and social changes. We have changes on partisan matters. We

have a change process that was just announced involving the Guantanamo, Santiago, Villa Clara, and Holguin Provinces. There the comrades had done their jobs with results of one kind or another. They fulfilled a phase, and it was thought important for new comrades to come in and fulfill another phase.

I think this is a change that we want to become more and more natural on the island, because life tells us that after someone spends several years performing a duty, especially one as stressful as heading an area, it is advisable for that area and for the individuals to take advantage of the experience of that province in another capacity and to make room in that province for comrades who may perform a duty. That is the natural characteristic of the changes, which you are now making more newsworthy because they involve first secretaries of provinces.

I would go a little farther. Behind the first secretaries of provinces, the immense majority of provincial politburos are made up of people educated and trained by the revolution. They are extremely young people. I don't think anybody is going to be traumatized. Perhaps it is normal that ministers are not so young. People want to see if the news is that a 50-year-old person was named minister. In my opinion, there must now be people who are 45 or 50 years old who are better prepared to serve as ministers than colleagues in their thirties. Comrades in their thirties are perhaps better prepared to serve as secretaries of municipalities, provinces, vice ministers, or department heads.

This is a natural process. This is a normal process. I would add this: We want it to be more and more natural and normal. The changes do not end here. These are not the only changes. Do not think those changes involve just provinces or first secretaries of the party. Until now, changes had only involved the top structures. Regardless of whether or not they are contemporaries of this or that person, I am asking you not to think the appointments are based on the proposal by this or that person. One must simply realize that there have been 35 years of revolution, and it is now harvesting the fruits of the large number of boys and young people it educated and trained, technically, scientifically, and culturally. I think that, yes, when we are clearly talking about those levels, there must be people who, rather than being contemporaries of Robaina and Carlos Lage, vice president of the Council of State, are contemporaries of the period in which the revolution emerged. [end recording]

Pinar del Rio PCC First Secretary Replaced

FL1207183994 Havana Radio Rebelde Network in Spanish 1700 GMT 12 Jul 94

[Text] The plenum of the provincial committee of the Communist Party of Cuba [PCC] in Pinar del Rio Province has agreed to the release of Comrade Fidel Ramos from the post of first secretary of the PCC, as requested by the Politburo. The plenum expressed its appreciation and acknowledged the work accomplished in over seven years. The plenum appointed Comrade Maria del Carmen Concepcion Gonzalez to the post of first secretary of the PCC in Pinar del Rio Province. She had been working as first secretary of the PCC in Consolacion del Sur Municipality. Concepcion Gonzalez has a degree in history and social sciences, is 36 years old, and has been efficiently fulfilling the diverse responsibilities assigned by the PCC.

The plenum was chaired by Politburo members Juan Almeida Bosque and Jose Ramon Machado Ventura. Comrade Fidel Ramos will remain in his post until 1 September.

Rollero Promoted to Villa Clara PCC Committee

FL1207133694 Santa Clara Radio Dobleve Cadena Provincial in Spanish 2200 GMT 11 Jul 94

[Text] Gustavo Rodriguez Rollero, in charge of Agriculture-food affairs at the municipal committee of the Communist Party of Cuba [PCC] in Santo Domingo Municipality, has been promoted to the provincial PCC committee in Villa Clara. At this level, Rodriguez Rollero will be in charge of the agriculture-food affairs post which was the responsibility of Miguel Acervo Cortina who was promoted to the post of first secretary of the PCC in Sagua la Grande Municipality.

Rodriguez was appointed by the provincial PCC committee.

Penal Modifications Punish Inciting 'Rioting'

FL1107153394 Havana Radio Reloj Network in Spanish 1804 GMT 9 Jul 94

[Text] The modifications to the current penal code include increasing sanctions against actions and behavior with a high degree of social risk. Decree-Law 150, in effect since 10 June, establishes prison terms ranging from three months to one year and fines ranging from 100 to 300 pesos, for those who unjustifiably shout calls to alarm or warnings of public threat. The decree-law adds that if any type of weapon or explosive is used for this purpose, the sanction is a prison term ranging from one to three years. If the goal of such actions is to incite panic or rioting, or public order is disturbed in any fashion, the sanction is a prison term ranging from one to three years imprisonment and fines ranging from 300 to 1,000 pesos.

Another of the modifications to the Council of State's Decree-Law 150 establishes that in the case of panic or rioting combined with the use of weapons or explosives, the prison terms range from two to five years and that those who incite fights or incidents at public facilities or transportation, social centers, shows, and family or public festivities, will receive prison terms ranging from three months to one year or fines ranging from 100 to 300 pesos. Anyone using violence or intimidation against the authorities, public officials, or their deputies, will receive prison terms ranging from one to three years. The same sanctions will be given to those who use

violence or intimidation against the aforementioned officials demanding they act illegally or do so to exact vengeance or in reprisal for the discharge of the officials' functions.

Legal Authorities Discuss Modifications

FL1107215094 Havana Radio Rebelde Network in Spanish 1155 GMT 11 Jul 94

[Roundtable discussion with Graciela Prieto Martin, vice president of the People's Supreme Court; Raul Mantilla, director of the People's Law Offices in Havana; and host Orlando Contreras, from the "Doing Radio" program—live]

[Text] [Conteras] We have with us Graciela Prieto Martin, vice president of the People's Supreme Court.

[Prieto] It is important to clarify the fact that Decree-Law 150 modifies the penal code, which defines crimes; but when Bodes [not further identified] mentioned abbreviated procedures and trying to speed up the penal process, he was referring to Decree-Law 151. The penal code's Decree-Law 150 has been in effect since June 10. Decree-Law 151, however, covers procedural guidelines used to conduct the penal process up to the end—until the sentence is issued or is already underway. These guidelines will become effective on 10 September. The guidelines comprise not only steps, or certain tests for evidence that are to be carried out, but also allude to problems affecting the structure of the courts and organizations that participate in the penal procedure process. Decree-Law 151 therefore requires time—90 days for preparation—and creates the conditions necessary within that structure for fulfilling the requirements of Decree-Law 150.

[Contreras] We now have with us Raul Mantilla, director of the People's Law Offices in Havana. Will these modifications in the penal code and these new procedures somehow affect the defense's cause?

[Mantilla] No way. All procedural guarantees are maintained. The lawyer participates in the entire procedure as needed by the accused, from the beginning with the preparation period, through the oral process. Additionally, as before, a defense lawyer is appointed when for any reason a person cannot hire a lawyer himself. All procedural guarantees are maintained for all citizens.

[Contreras] Under the abbreviated procedure, when the accused and the lawyer do not agree, even though the crime was in flagranti and there is sufficient evidence that a crime has indeed occurred, what is the procedure?

[Mantilla] In this case, as in any other, it is the court's decision. An abbreviated procedure is being initiated to eliminate certain formalities because of an in-flagranti nature of a case, but the court still decides. However, the abbreviated procedure does not mean the elimination of procedural guarantees of any sort. It does shorten the time—the steps are faster—but the lawyer fully participates in it, and the accused has the same full guarantees as in a normal procedure.

[Contreras] Chapter two of the decree law refers to the role of the police. How will their role change?

[Mantilla] The modifications introduced in the legal procedures, following current global tendencies in procedural penal law, transfer certain powers to the police to speed up procedures. This is done under certain circumstances, and with dual control—from the prosecutors' office and within the police structure itself. The police are given the power to carry out arraignments, formerly reserved for the court. This now has legal force. Additionally, the police are given the power to implement cautionary nondetention measures such as bail, home arrest, or sworn oaths. Furthermore, as police procedures are more precisely defined, certain formalities are being eliminated. The abbreviated procedure's goal is to do what is essential. Likewise, the police are required to comply with certain obligations, such us notifying the relatives of those arrested.

[Contreras] They are also required to advise of the terms of detention established by the law, and to inform the prosecutor's office or another authority within a certain time. Is this right?

[Mantilla] Yes, there are terms established for notifying the prosecutor when a person is detained and provisional imprisonment is recommended. The provisional imprisonment decision is reserved for the prosecutor, though.

[Contreras] There is one issue of general interest: Only the police had been authorized to make an arrest, but looking at the penal code modifications, it seems that in the case of a crime in flagranti, any person can make the arrest. Could you explain?

[Mantilla] Arrests are fully regulated by the procedural legislature, which states who can and who is required to make an arrest, and under what circumstances a person can be arrested. Authorities and police are not the only ones who can arrest a person. When a crime is being committed or is about to occur, any citizen is authorized to arrest the criminal. There are other cases, in which the police are definitely required to arrest a person, such as when there is a warrant against person who is in contempt of court.

Isle of Youth To Host Moncada Barracks Celebration

FL1207141694 Havana Radio Progreso Network in Spanish 1100 GMT 12 Jul 94

[From the "First Thing" program]

[Text] The Communist Party of Cuba Politburo has agreed that this year's celebration of the 41st anniversary of the historical attack on the Moncada Barracks is dedicated to all the young people in the country; and the

main event to commemorate the beautiful anniversary will be held in the Isle of Youth Special Municipality.

The highest ranking party leadership emphasized that this also represents a special recognition of the sustained and successful work carried out in every front by the population in that part of Cuba, which is aptly named the Isle of Youth.

The Politburo also emphasized that dedicating the Moncada Barracks anniversary to the young people is not an opportunistic slogan or catch phrase—because an attack on the Moncada Barracks was possible precisely due to, and for, today's young people.

Another paragraph in the agreement states that the attacks on the Moncada Barracks involved young people with the same zeal to enjoy life, struggle, dream, love, and laugh with which young Cuban people now live, struggle, dream, love, and laugh. All of us, together, today, on 26 July, and beyond that date, Fidel! [as heard]

The 26th will be for all the young people in Cuba, it was also emphasized by the Politburo's agreement dedicating the new Moncada Barracks anniversary to young people throughout the country.

Caibarien Municipality To Host Moncada Events

FL1307120394 Santa Clara Radio Dobleve Cadena Provincial in Spanish 2200 GMT 12 Jul 94

[Text] The seat of the provincial ceremony marking the 41st anniversary of the Moncada Barracks attack was announced on 12 July at the provincial Youth's House by Miguel Diaz-Canel Bermudez, first secretary of the Cuban Communist Party in Villa Clara Province:

[Begin Diaz-Canel recording] The reasons were, first of all, that 26 July is a date to recognize efforts and accomplishments. This is why Caibarien municipality was chosen to host the ceremony. I believe everyone there will be pleased. [end recording]

The Politburo decided to dedicate the 26 July events to Cuban youth. Although the ceremony will be held in Caibarien, in Villa Clara, the Union of Young Communists is stressing historical continuity and remembering local martyrs Aide and Abel Santamaria, as well as holding diverse activities.

Institute Releases 1993 Census Figures

FL1207141794 Havana Radio Rebelde Network in Spanish 0900 GMT 12 Jul 94

[From the "Doing Radio" program]

[Text] The 1993 demographic census—which showed there were over 10.9 million people in Cuba—predicted that there would be over 11 million Cubans by June 1995.

The lengthy document prepared by the Statistics Research Institute was presented during the scientific meeting held at the Demographic Studies Center of Havana University in observance of World's Population Day.

A population growth rate increase is expected; it was 6.6 per 1,000 people in 1993 and it is expected to be 7.9 per 1,000 people in 1995. However, the 1,000 females to 1,011 males ratio will be maintained.

Union Official Announces 'Significant Changes'

FL1207001694 Havana Radio Rebelde Network in Spanish 1700 GMT 11 Jul 94

[Text] Salvador Valdez, secretary general of the Farming and Forestry Workers Union, has announced that a series of significant changes in union work is under study. Valdez, member of the Central Committee and second secretary of the Cuban Workers Federation, stated that given the changes implemented in state agriculture, it is essential to make the corresponding changes in union work.

[Begin recording] We have to incorporate new elements into the Basic Cooperative Production Units [UBPC's]—new ideas, new concepts, new methods and workstyles—because with the creation of the UBPC's, new mechanisms and activities appeared corresponding to this new form of production. This has resulted in changes in the essence of production relations, replacing tasks and functions that the union carries out in the state enterprises.

This is why we are advocating that we need to practically create a new union. However, it is not a matter of creating a new union, but exerting in-depth change in the work content of the union tasks regarding the new UBPC production relationship. [end recording]

Valdez pointed out that the main goal of the union, under the new circumstances, is to ensure the existence of a good internal regulation which, adjusted to endemic characteristics, ensures that the principles endorsed by the Politburo are maintained in guiding the functioning of the UBPC's. Another work goal stressed by Valdez was fulfilling the accords established between the UBPC's and the state enterprises, an affair of the utmost importance for the union.

Water Official on Problems With Havana Supply

FL1207170994 Havana Radio Progreso Network in Spanish 1100 GMT 12 Jul 94

[From the "First Thing" program]

[Text] The situation of Havana's water supply, subject to most of the discussions in the just concluded progress report process, was broached on 11 July in a meeting of all the presidents of local people's government bodies.

Havana Aqueducts director Lourdes Mijans stated that over 50 percent of the water is lost mostly due to 160 leak

points in large pipes, and approximately 1,000 leak points in the entire aqueduct network.

Mijans added that this critical situation is made worse by over 1,000 broken pumps due to the shortage of maintenance resources; low rain levels, which have resulted in lower reservoir levels, as well as 16 wells in the south basin, which have been inoperative for five or six years; and lastly, due to the reduced flow and poor interconnection capabilities in the system.

Mijans explained that a state allocation of $1.8 million will essentially help to improve the water supply situation. An initial amount of $546,000 will be used to immediately repair pumps and put them back in operation.

Additionally, water service fees will become effective on 1 October, as part of the measures taken to mend national finances.

The results of the progress report process were also discussed at this meeting, as well as the course of the implementation of Decree-Law 141 [as heard] regarding the confiscation of illegally acquired goods, and Havana's medicine program.

Vegetable, Tuber Production Drops in Havana Province

FL1207231994 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 12 Jul 94

[Text] Eight months after the creation of the first Basic Cooperative Production Unit [UBPC] and six months after the creation of the last one, Havana Province is holding an assessment meeting to analyze the development and the problems that these production units have experienced. As a consequence of the lack of batteries, tires, and pesticides; and of fluctuations in the work force, there has been a 20-percent decrease to date in the production of vegetables and tubers. In Havana, there are 13 UBPC's that are outstanding in their results, which demonstrates the effectiveness of this system. Nevertheless, much needs to be analyzed to decide what is most beneficial or useful.

Havana Province produces 40 percent of the country's vegetables and tubers. Stability in its work force is therefore very important. The deciding factor is the construction of housing.

[Begin unidentified worker recording] We must increase our supply of low-cost materials and do the best we can. [end recording]

Villa Clara Extends Sugar Harvest to September

FL1207165494 Santa Clara Radio Dobleve Cadena Provincial in Spanish 2200 GMT 11 Jul 94

[Text] The 1993-94 sugarcane harvest has been extended into September in order to attain the production level pledged by the province. This was announced by Jose Matas Salas, provincial representative of the Sugar Industry Ministry, during a meeting in Ranchuelo Municipality on 10 July.

This is why the 10 de Octubre Mill in Ranchuelo and the Jose Riquelme Mill in Quemado de Guines are still in operation. The Jose Maria Perez Mill in Camajuani will shortly join in. The Jorge Washington and Braulio Coroneaux are waiting for soil conditions to improve before joining in this effort. Santo Domingo and Camajuani Municipalities have restarted the harvest in order to supply the active mills.

Scheduled Villa Clara Power Outages Announced

FL1207151294 Santa Clara Radio Dobleve Cadena Provincial in Spanish 2200 GMT 11 Jul 94

[Text] The power outages schedule for 12 July are as follows:

From 0600 to 1200, circuit #4 in Cifuentes, circuit #3 in Caibarien, circuits #1 and 2 in Sagua, circuit #4 in Remedios, and circuits #14, #15, #27, and #30 in Santa Clara.

From 0600 to 1700, circuits #8 and #29 in Sagua, circuit #13 in Santo Domingo, and circuits #21, #10, #19, and #2 in Santa Clara.

From 1200 to 0000, Manicaragua, Matagua, Jibacoa, Cumbre, Baez, circuit #2 in Caibarien, Esperanza, Ranchuelo, San Juan, circuit #2 in Placetas, circuits #4 and #13 in Quemados, Zulueta, and circuits #5, #8, #12, #13, and #26 in Santa Clara.

From 1700 to 2300, circuit #1 in Placetas, circuit #1 in Sagua, circuit #3 in Caibarien, circuit #4 in Santo Domingo, circuit #13 in Remedios, and circuits #4, #14, #15, #1, #11, #31, and #27 in Santa Clara.

Workers Seek Solutions to 'Precarious Situation'

FL1207112394 Havana Radio Rebelde Network in Spanish 1155 GMT 9 Jul 94

[From the "Doing Radio" program]

[Text] The precarious situation in railroad service and the search for solutions by workers, so that this vital means of transportation is not paralyzed, is what the delegates are focused on at the fifth national congress of the transport workers union.

In Holguin, workers are to hold their provincial session which will begin at 0900 with a broad agenda which includes discipline and quality in the transporters work. It is known that the railroad issue will be evaluated extensively, as well as the attention to man, an area where the union needs more support from the national administrations.

Even though a selective process has been implemented in the Cuban railroad system, the Cuban people are not quite satisfied with the service that the different railroad divisions provide.

During the current special period and as a result of the limitations in resources, railroad service is a essential link in the large-scale transportation of passengers, which has its most important season during the summer.

Aerogaviota Charter Airline Described

94CA0121D Havana GRANMA INTERNATIONAL in English 8 Jun 94 p 8

[Article by Rodolfo Casals]

[Text] The slogan of this recently-created airline is based on the high degree of professionalism of its 24 crews and the impressive number of flight-hours logged by its pilots.

Aerogaviota began operating as a specialized charter airline on January 1st. The company's philosophy is that the client decides the itinerary, the stops and the destination, be it within Cuba or anywhere in Central America or the Caribbean.

Jose Manuel Borges, the firm's general manager, told GRANMA INTERNATIONAL, "We are fully equipped to provide the utmost in service 24 hours a day."

The company's fleet includes a wide range of planes: AN-26 tourist class planes with capacity for 38 passengers; Yak-40 tourist class planes for 30 people, with first-class service and executive seating for 11 people; as well as MI-8T helicopters for executives, filming flights, trips along the coast or scientific research, that can carry up to 18 clients.

It also has aircraft that can transport up to five tons of cargo to destinations in Central America and the Caribbean, not to mention IL-76 planes that can carry 40 tons of cargo and fly anywhere in the world.

According to Borges, just a few months after beginning its operations out of an airport near Baracoa Beach east of Havana, the company is making profits and paying for itself.

As part of its promotional scheme, Aerogaviota has already issued a special offer to the diplomatic corps, business representatives, joint ventures, international organizations, tour operators and individual tourists in Cuba, with competitive prices on the Havana-Camaguey-Holguin-Santiago de Cuba route.

Editorial Reaffirms Economic Efficiency Imperative

FL1207001794 Havana Radio Rebelde Network in Spanish 1700 GMT 11 Jul 94

[Text] The 11 July edition of the weekly TRABAJADORES features an editorial reaffirming that the imperative attainment of economic efficiency in Cuba will not result in absolute inequality or a renunciation of the humanism that characterizes the Revolution. In this sense there are three accomplishments that cannot be relinquished: education, health, and jobs. Of these three elements, the editorial points out that jobs are the most precarious because it can no longer be seen as a right stemming from social commitment alone, but as result of the economic reality. While stressing the existence of an extremely acute imbalance between the reduced supply of jobs and the increasing demand for jobs, TRABAJADORES calls for sensibility and specific actions in mobilizing nationwide initiatives to create jobs and sources of employment.

First of all, the editorial points out the need to begin solving the paradox that exists in many places where acceptable levels of production and services can be guaranteed, yet there is a surplus of personnel in certain areas and a shortage in others. An example is the case of thousands of working mothers who see half their salaries go to child care providers. Yet, whenever a worker suggests establishing a childcare center at a workplace with a large female population, thousands of reasons are brought up to blackball such suggestions without thinking that this might be a source of employment.

Among other practical ideas, the TRABAJADORES editorial cites the possibility of employing a good number of people in organic orchards, giving fallow plots to people able to make them productive—a Politburo accord yet to be implemented—and the full exploitation of the service potential of many workplaces.

TRABAJADORES also calls for ceasing the veiled ill will toward self-employment since this is an appropriate strategy that will help Cuba solve the employment problem. Finally, it adds that the great key to nationwide jobs lies in agriculture, a solution linked to the redesign of economic, social, and demographic policies, which it is necessary to begin right now.

Dominican Republic

Strikes Against Electoral Fraud Spread

PA1207231394 Hamburg DPA in Spanish 2057 GMT 12 Jul 94

[Text] Santo Domingo, 12 Jul (DPA)—More regions in the Dominican Republic were partially paralyzed today following protests over allegations of fraud by the ruling Social Christian Reformist Party (PRSC) in the 16 May general elections.

Today, strikes spread to the country's southwest and northwest regions, paralyzing more than 75 percent of business activities, according to reports from the interior of the country.

Commerce and transportation, as well as educational activities virtually stopped in the cities of Azua, Bani, San Cristobal, San Juan de la Maguana, and Barahona in the south and southwest regions. In the northwest, activities were paralyzed almost 100 percent in San Francisco de Macoris, Nagua, and several small communities.

Police reported the arrest of more than 100 people who will be charged with disrupting public order, blocking avenues and roads, and hurling stones at police.

In Santo Domingo, the strike began slowly in the morning, but by afternoon transportation was scarce and a large number of businesses closed their doors after various groups warned that stores failing to join the strike would be attacked and ransacked.

The National Police established checkpoints in Santo Domingo, and policemen are confiscating all firearms carried by civilians. The National Police Command reported that several people were arrested in the southwestern region and charged with making homemade bombs that could be used against stores whose owners opposed the strike.

The strikes, which initially were scheduled to last 24 hours, will be followed by a general strike on Thursday. The protest is being coordinated by the People's Unity Council [Consejo de Unidad Popular], an organization comprising several community and popular groups, and the Committee of Dominicans Against the Fraud, an organization that was recently created.

Haiti

Clinton Finds 'Excuse' in Jonassaint Ultimatum

FL1207225194 Port-au-Prince Signal FM Radio in French 1030 GMT 12 Jul 94

[Text] Bill Clinton says his refusal to rule out the use of force is justified. He has finally found an excuse—the ultimatum launched by the Jonassaint government, an ultimatum by which the civilian mission will have to leave the country within 48 hours, that is as of 13 July—even before 13 July.

Passports of Resigning Ministers Canceled

FL1207213094 Port-au-Prince Radio Metropole in French 1600 GMT 12 Jul 94

[Text] The Jonassaint government canceled the diplomatic passports of members of the resigning Malval government. This measure reportedly affects all ministers of that government. Other personalities affected by this decision include the capital's mayor, Evans Paul; and an Army officer, Captain (Jean-Gary Grefain), who benefited from a diplomatic passport when accompanying Malval on a tour abroad.

U.S. Embassy spokesman in Port-au-Prince, Stanley Schrager, confirmed the existence of this list, which was left at the main diplomatic missions in Port-au-Prince.

UN Official Expresses 'Indignation' at Departure

FL1207222794 Port-au-Prince Radio Tropic FM in French 1830 GMT 12 Jul 94

[Text] Colin Granderson, the head of the civilian mission in Haiti, just announced, with indignation and sadness, that the international civilian mission will leave the country on 13 July on an Air France flight. Granderson, executive director of this mission, became indignant, noting that a handful of misguided individuals, whose power rests only upon the barrel of their guns, have chosen to divert national sovereignty to their advantage regardless of the well-being of an entire people.

[Begin Granderson recording] [Words indistinct] only this, because we will be obliged to leave the Haitians alone with their fate. Many of them have already expressed their sympathies to us and have told us how our absence is going to affect them. We know that after our departure, [words indistinct] nobody will be able to bear witness to the extent of the repressions in Haiti. On that score, the international civilian mission recalls that the international community said it would make the military authorities responsible for what might happen to local members of the international civilian mission and also to those who were courageous enough to bear testimony before us. I know I am speaking on behalf of all my colleagues when I tell you that we will be sorry that we were obliged to temporarily leave this country to which all of us have become very attached. The de facto authorities have chosen to shoulder a heavy responsibility by enjoining us—under threat—to leave this country. [end recording]

Sansaricq Senate Approves Monetary Emission

PA1307034494 Madrid EFE in Spanish 0140 GMT 13 Jul 94

[By Herold Jean-Francois]

[Text] Port-au-Prince, 12 Jun (EFE)—The Senate, controlled by Bernard Sansaricq and comprising senators chosen in a fraudulent election on 18 January 1993, tonight approved a resolution that allows the Haitian Central Bank to issue the money required for the functioning of the nation's economy.

According to the provision, the Central Bank "is authorized to issue the amount of currency required and to take all necessary and appropriate measures to adjust all modes of payment to the needs of the economy." The only thing the group of senators demanded is that

Central Bank authorities report to the Senate every month on the financial situation.

In justifying the measure, the body cited the crisis Haiti is facing after its overseas funds were frozen and sanctions were imposed on the country. The senators also noted that political observers described as unconstitutional, and the Haitian lawmakers referred to the "nation's higher" interest. [sentence as received]

These legislators argued that this interest justifies the adoption of any measure that will guarantee the functioning of the Haitian state. Meanwhile, Dejean Belizaire, a former Senate president who was also elected on 18 January, told his colleagues: "We cannot eliminate legal provisions via a simple resolution."

Belizaire suggested the measures be temporary and that when the National Assembly returns to normal, the legislators may then adopt a law on the elimination of a ceiling on monetary emission.

Siding with Belizaire, constitutional Senator Ebrane Cade asked his colleagues to respect the deputies' right to maintain that "a resolution may in no way revoke a law." Cadet asked that a law approved by the Senate and Chamber of Deputies be put into force to eliminate the ceiling on the emission of money, as established by Haitian law.

Sansaricq and the rest of the senators did not support the views of Belizaire and Cadet and discounted them.

This week, Central Bank Governor Bonivert Claude urged Haitian lawmakers to support new monetary emissions. The Association of Banking Professionals endorsed the new emission of Haitian currency, but it also recommended that this wait until political stability existed in the country. In recent months, Haitian banks have been experiencing a shortage of bills and are limiting account holders to withdrawals of 1,000 gourdes, or $70.

Some economists believe that the elimination of the monetary ceiling will promote a considerable devaluation of the Haitian currency. They also feel this situation will lead to an "unchecked embezzlement" of money on the part of the de facto government.

In September 1992 and March 1993, under the Marc Louis Bazin administration, the Haitian Assembly authorized the emission of 1 billion gourdes ($67 million), and the money disappeared. Nobody gave any explanation about where the money went.

Military Arrests 21 Prospective Boat People

FL1207220394 Port-au-Prince Signal FM Radio in French 1030 GMT 12 Jul 94

[Report by Leogane correspondent Evens Lefebvre—recorded in Creole]

[Text] During an early weekend roundup, the military stationed in the Leogane subdistrict barracks arrested 21 boat people who were illegally trying to leave for Miami, Florida. These 21 Haitian compatriots, including both young and not-so-young, went to take [word indistinct] in Baussan and Bellevue to La Gonave where, according to our sources, the boat awaited them. However, soldiers on patrol arrested them and took them to the Leogane barracks where they spent two days in jail before being transferred to Petit-Goave.

For the time being, the military in Leogane are seeking the trip organizer, a man known as Jean-Claude, who has taken to his heels. In view of the wave of boats that has been departing by way of the Gulf of Leogane these past two weeks, Adjutant (Schubert Lazare) says he is going to mobilize the military for routine patrols to prevent those inabitants from risking their lives on the seas. Evens Lefebvre for Signal FM in Leogane.

More Than 15,000 Refugees Live on Guantanamo

FL1207212294 Port-au-Prince Radio Metropole in French 1045 GMT 12 Jul 94

[Text] The United States has indicated that since 15 June, the date on which it announced that it would process candidates for political asylum on the high seas, its ships have taken in about 19,200 Haitian boat people. More than 15,000 of them are now on the Guantanamo U.S. military base. A U.S. spokesperson indicated that a total of 4,000 interviews have been conducted at Guantanamo.

Tello Denounces U.S. Immigration, Haiti Policies

PA1307043694 Mexico City NOTIMEX in Spanish 0148 GMT 13 Jul 94

[Text] Mexico City, 12 Jul (NOTIMEX)—The Mexican Government today denounced the discriminatory treatment of undocumented workers in California, the blockade of Cuba, and the use of military force in Haiti.

Foreign Secretary Manuel Tello Macias appeared before the Senate on Tuesday to say his government "will not leave defenseless those who are the target of this indescribable discriminatory treatment."

The diplomat said the increasing anti-immigrant rhetoric in the United States is worrisome, adding that it has led to, among other things, the emergence of the so-called SOS Initiative in California. He explained that this proposal will be submitted to California voters on 8 November. It seeks to deny medical services and public education to undocumented people and their children.

Mexicans emigrate in search of jobs and better salaries, and, as has been shown, they contribute much more to the economy of the neighboring country than the very low cost the minority represents, Tello Macias said. Tello Macias indicated that the Mexican Foreign Secretariat will use every available means to counteract the effects of proposals such as SOS.

Speaking for the first time to the Mexican legislative body, Tello Macias also rejected the economic blockade against Cuba and he reiterated the hope that the Caribbean nation will rejoin the inter-American system.

Mexico also opposes the use of military force in the case of Haiti, and Mexico's position supports the political efforts to restore democracy in that nation, whose Army overthrew the Jean-Bertrand Aristide government on 31 September 1991.

In the diplomatic area, Tello Macias reported that Mexico maintained relations with 147 nations in 1988 and that, as of now, relations have been extended to 176 countries.

Mexico also has joined the world's main trade organizations, including GATT, the Pacific Basin, the OECD, the Asia-Pacific Economic Cooperation (APEC) forums, and others. Under these agreements, Mexico is able to participate, along with the 24 most developed economies in the world, in analyzing and reaching consensus on multiple spheres of government action, the Mexican foreign secretary added.

Article on Secretary's Remarks on U.S. Trade Stands

PA1207133994 Mexico City EL FINANCIERO in Spanish 7 Jul 94 p 12

[Article by Luis Soto; from the "Actions and Reactions" column]

[Text] Threats made on Monday by Herminio Blanco, SECOFI's [Commerce and Industrial Development Secretariat] undersecretary for international trade negotiations, during an interview were a complete surprise. Blanco said that thanks to the GATT's Uruguay Round, Mexico could impose tariffs on U.S. imports if our neighbors insist on maintaining compensatory taxes on Mexican cement and continue to insist on the tuna embargo, although multilateral GATT panels have decided that the U.S. investigations are not valid.

The businessmen in the cement-producing industry who are adversely affected by this matter of the taxes almost doubled up in a fit: not knowing if it was due to the laughter or anger that reading such bold statements elicited from them. Even worse, they felt deceived. On various occasions, the authorities had asked them not to "make waves" with this issue, arguing that the nation's interests came before those of the industries. They hinted that any displeasure caused to the little animal [animalito] could have serious consequences. Of course, all of this occurred during the NAFTA negotiations.

Three or four months ago, the authorities told these same businessmen that they were on the verge of convincing the "tiger" [tigre] of doing them a favor by lifting the punishment. As always, the businessmen gave in, waiting for the promise to be fulfilled. What's more, they made a commitment not to anger our neighbors, they suspended their lobbying, and they asked interested parties in this matter to have patience.

What a surprise when on 27 May 1994, the U.S. Trade Department announced that the preliminary results of the third administrative revision on the antidumping [preceding word in English] order against the Mexican cement exports establish a margin of dumping [preceding word in English] of 60.33 percent for CEMEX and 59.91 percent for the other Mexican companies.

Some producers complained they were not only "pulling our leg" in saying that they were going to lift the punishment, but they also hiked the 42.74 tariff to 60 percent.

Through application of plain logic, anyone can consider that the demands—that, according to Mexican trade authorites, had been made of our neighbors in trying to find a solution that would safeguard the rights of the Mexican cement industry—were thrown into the garbage.

Given the above, Mexican cement businessmen ask themselves if they should believe Herminio Blanco when he says that, with the changes made in the Uruguay Round, rejection of a panel's findings must be confirmed through consensus among all GATT members.

In other words, in the aforementioned interview, Herminio Blanco said that the cement and tuna cases would be resolved immediately. And, even though the United States continues to reject the panels' decision, Mexico has the right to withdraw benefits because of the harm

being caused. In this manner, Mexico could hike the tariffs on imports from the United States, he emphasized. At this point, the cement industrialists laughed so hard that they fell on the floor.

If the industrialists acted this way, the dolphins went even further—no, I'm not talking about the Miami Dolphins; the U.S. football season starts in September—but about those cetacean mammals snared when fishermen cast their nets for tuna.

And why the dolphins, you may ask. Well, the fact is that Dr. Blanco also said the tuna embargo would be resolved, almost magically, with the changes agreed on GATT's Uruguay Round.

The truth is that, just as in the case of the cement, the only thing that happens when one broaches the tuna issue is that Fisheries Secretary Guillermo Jimenez Morales makes another of his many spectacular statements: that our neighbors have already checked to see that the nets for catching tuna do not have any holes; that they have already approved the Dolphin Safe [preceding two words in English] label; or that Flipper—the one on the TV show, of course—has already tried the nets, etc. But after several years and although we also won in the GATT panel, they have not managed to get the United States to lift the tuna embargo.

I must add, dear readers, that they have already convinced candidate Ernesto Zedillo to make a statement on the tuna embargo. This leads us to surmise that if Zedillo wins the 21 August elections, we will continue on the same footing, regarding the cement and tuna issues, of course.

More on Cement

And, since we are on the subject, I believe I should report that the Chihuahua Cement Group has acquired the Holnam cement-producing plant, which is a subsidiary of the Swiss Holderbank Financiere Glaris, Ltd., of New Mexico.

Official spokesmen have reported that Holderbank's strategy in the United States is to get rid of all those businesses which, because of the crisis, are not profitable for the Swiss.

Secretary Briefs Senators on Economy, Notes U.S. Sales

PA1207124794 Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 8 Jul 94

[Report by Patricia Gutierrez from the "Early Morning" newscast]

[Text] The opening of the Mexican economy is responding fully to Mexican interests. The economy has established the bases for a gradual but firm recovery of growth and has broken the vicious circle of inflation accompanied by stagnation that resulted from lack of competitiveness. These statements were made by Commerce Secretary Jaime Serra Puche yesterday to the Commerce Committee of the Chamber of Senators. He argued that the dynamism of our exports have allowed the Mexican economy to grow 15.5 percent during the past five years.

[Begin Serra Puche recording] Mexico's goal is modernization accompanied by justice. Both demand higher competitiveness because without this inflation accompanied by stagnation will quickly occur. [end recording]

He met with the senators for three and a half hours and told them that within the current globalization scheme Mexico rejects unfair international trade practices and fights disguised protectionism. Serra replied to the senators' questions.

Senator Porfirio Munoz Ledo of the Democratic Revolutionary Party voiced his disagreement with the possible nomination of Carlos Salinas de Gortari to head the World Trade Organization:

[Begin recording] [Munoz Ledo] I beg you to tell the chief executive of our opinion that he should decline that candidacy and abstain from making any political effort to seek it in the international arena as long as he remains president.

[Serra Puche] President Salinas has reaffirmed on various occasions that he is fully dedicated to the duties of his office until the end of his constitutional term. [end recording]

Secretary Serra Puche was asked what is being done to compensate for Mexico's enormous external deficit.

[Begin Serra Puche recording] A commercial deficit per se is not a bad thing. It can attract foreign capital and resources to the country. When a country has to transfer resources abroad it does so by generating a surplus. [end recording]

In assessing the North American Free Trade Agreement, he pointed out that our sales to U.S. markets during the first three months of 1994 grew 22 percent, that is, three times higher than with the rest of the world.

Honduras

Morazanist Command Unit Claims Attack in Comayagua

PA1207131494 Tegucigalpa LA TRIBUNA in Spanish 9 Jul 94 p 20

[Text] Yesterday the Morazanist Patriotic Front's [FPM] "33d Commando Unit" ["Comando 33"] claimed responsibility for the attack Monday night in Comayagua in which five people were killed and 26 were wounded.

An employee of the Honduran Telecommunications Enterprise (HONDUTEL) found the communique in Oropoli, El Paraiso Department. The police released the communique to the media.

The communique that is now in the hands of the 9th Regional Command of the Public Security Forces (FSP), stationed in Danli, El Paraiso, reads:

The FPM's "33d Command Unit" announces the following to the public in general and President Carlos Roberto Reina in particular:

1. The members of the 33d Command Unit are the only ones responsible for the incident in Comayagua.
2. We did this in reprisal for the high cost of living, since the slogan "moral revolution" is only words for fools.
3. We did this because of the president's failure to help the majority of the people, who are poor, as he is following the recent acts of former President Rafael Leonardo Callejas a little faster and more forcefully.
4. If corrective measures are not adopted, this Command Unit will commit actions identical to this one all over the country, because we struggle so that the people will not be trampled on.
5. We advise the telegraph employee on duty to hand over this communique; otherwise he will face dire personal consequences because we are expecting that he do this. We remind him that the people of our Command Unit are among you. Beloved Fatherland, Your Children Will Do Justice. FPM 33d Command Unit. Comayagua 6 July 94.

Roundup of Economic Developments

PA1307042794

[Editorial Report] The following is a compilation of reports on economic developments monitored through 12 July.

The Board of the Central American Bank for Economic Integration approved on 30 June a $6.2 million loan to Honduras to be used to repair two gas-driven electricity generators. The two turbines will generate a total of 60 megawatts per day and are expected to be ready in the next three months. (Mexico City NOTIMEX in Spanish 2046 GMT 5 Jul 94)

The government has submitted the following measures to Congress for approval: elimination of the customs compensation factor, which would mean millions of lempiras in revenues for the government; revision of the temporary import system; expansion of the sales tax base for all services to charge a 7-percent tax on video rentals and on water, electricity, hospital, and medical services; a tax on all savings interest; a 25-percent import tax on luxury items; an increase in vehicle registration fees; and approval of the tax code to prevent tax evasion and to charge a 1-percent tax on fixed assets. (San Pedro Sula TIEMPO in Spanish 7 Jul 94 p 10)

Hugo Noe Pino, Honduran Central Bank [BCH] president, stated yesterday that the government will raise next year's budget by 500 million lempiras, the equivalent of 2 percent of GDP. The government is taking this step to cover expenses not included in the current budget. With this increase, the budget will exceed 6.6 billion lempiras. (San Pedro Sula TIEMPO in Spanish 8 Jul 94 p 3)

The BCH confirmed that the June consumer price index showed a 2-percent increase in the inflation rate. (Tegucigalpa EL PERIODICO DE HONDURAS in Spanish 9 Jul 94 p 44)

Panama

Vice President: Endara Could Reconsider Haitian Issue

PA1307011894 Panama City Circuito RPC Television in Spanish 2300 GMT 12 Jul 94

[Report by Vicenta Melania Herrera from the "RPC Television News" newscast]

[Text] Although Vice President Guillermo Ford said the issue of the Haitian refugees might be reconsidered, he avoided giving details to the media, explaining that he is not President Guillermo Endara's spokesman.

[Begin recording] [Ford] I have been insisting—and I do not feel I will change my position—that by constitutional mandate, the handling of foreign affairs is up to the president of the Republic, and this will also be true for the president-elect. Therefore, I would rather have the current president and the president-elect be the spokesmen for their own positions.

[Herrera] When might there be a change in the position about which you are talking right now?

[Ford] I do not know. I repeat, this is up to the current president who will be president until 1 September, and if there are any changes in position or some rapprochement on the part of the president-elect, it would be up to President Endara to make the decision.

[Herrera] This possibility has not been ruled out?

[Ford] I repeat, I will not be the spokesman of either President Endara or the president-elect. This is really up

to them. I think each of them has already made known their position, and the Panamanian people are aware of those positions. [end recording]

The high-ranking official made his statements as he left the Presidency, where he held a private meeting with the president. Guillermo Ford added that he met with officials from the IFI's [International Financial Institutions] to discuss aspects related to the country's economic transition when President-elect Ernesto Perez Balladares takes office.

Acting Foreign Minister Comments

PA1307010394 Panama City Circuito RPC Television in Spanish 2300 GMT 12 Jul 94

[Report by Fernando Fernandez from the "RPC Television News" newscast]

[Text] Acting Panamanian Foreign Minister Roberto Aleman Zubieta has asserted that the national government is willing to receive U.S. delegates to discuss the Haitian issue, as well as other bilateral issues. He said Panama has not changed its position regarding the Haitian situation, and he added that the president of the Republic had been very clear and explicit in stating that he would not accept Haitian refugees in our country in the manner proposed by the U.S. Government. Nevertheless, he suggested the issue could be discussed again at the request of U.S. negotiators.

[Begin Aleman recording] I am certain the president of the Republic would receive U.S. representatives if he receives a letter from the U.S. Government stating that it wants to talk to him again. However, as of now, he has not changed his position. [end recording]

Aleman said the statements made by President-Elect Ernesto Perez Balladares in Spain were interesting. According to an international cable, Perez Balladares said he was willing to give asylum to Raoul Cedras and other Haitian leaders if this would help resolve the Haitian conflict.

[Begin Aleman recording] I do not know what position the president would take if Raoul Cedras requested political asylum in Panama. However, I am sure, the Panamanian president would be more than willing to consider Cedras' request, if this would prevent the Haitian conflict from worsening. [end recording]

Regarding the Chamber of Commerce's charges that Panamanian businessmen have violated the Haitian embargo, the acting foreign minister said this has to be investigated and, if it is true, be turned over to the Attorney General of the Republic.

President-Elect on Haiti Invasion, Possible Cedras Asylum

PA1207140494 Madrid EFE in Spanish 1240 GMT 12 Jul 94

[Text] Madrid, 12 Jul (EFE)—Panamanian President-elect Ernesto Perez Balladares said here today, Tuesday, that he could not "approve a U.S. unilateral invasion of Haiti," although he would understand "if it were supported by the United Nations."

At a news conference during the second day of his visit to Spain, Perez Balladares said that before launching a possible military invasion, one would have to "exhaust all mechanisms of pressure and conviction in trying to solve the Haitian crisis."

After confirming his objections to an invasion, "because we ourselves suffered one," he admitted that if in Haiti "political conditions are not created, there would be no course but to resort to an armed invasion."

Regarding the problem of the Haitian refugees, Perez Balladares said that if he was in power now in Panama he would have agreed to admit the Haitians. Current President Guillermo Endara turned them down last Friday.

According to the president-elect, he would have admitted a smaller number of Haitians for a period not to exceed six months in "refugee camps, where they would be concentrated, medically supervised, and guarded by forces which I would have preferred be those of the U.S. Army."

The reasons for offering refuge to the persons fleeing the dictatorship of Raoul Cedras in Haiti, according to him, are basically of a humanitarian nature and in support of the country's democratization.

Responding to newsmens' questions, he admitted that the refugees might "be given refuge in the U.S. Canal Zone," although he insisted it is not just a problem for the United States but one for all of America.

In that sense, Perez Balladares said he was even willing to grant negotiated asylum to Raoul Cedras and the military command of that country "if that were the formula for solving the Haitian crisis."

The Panamanian president-elect, accompanied by several of his appointed ministers, explained the economic and foreign policies of his government, which will take office on 1 September, signalling a new phase for the Democratic Revolutionary Party (PRD).

"Today's PRD has nothing to do with the political training led by Noriega in 1989," Perez Balladares said. He said it "was easy to leave" the former Panamanian leader "behind" because "the only thing he did was seize control of the Torrijos movement and place it in his service."

Regarding his economic plans, he said his government will adopt measures to make it more difficult to launder

money in the banking system and will "mete out exemplary punishment to those proven to have committed economic crimes."

He also referred to the future of the Canal after the United States leaves its military bases on 31 December 1999 and said that at that moment the defense of the isthmus will not be guaranteed by an army, but by the certainty that all countries of the world may use it.

He ruled out in principle the renegotation of the Torrijos-Carter Canal Treaties and said that if the United States wants to have any presence in Panama "they must convince us. Then we would hold a popular referendum."

Regarding his viewpoint on the U.S. economic blockade of Cuba, Perez Balladares said that it "is a bilateral topic between the United States and Cuba and must be resolved at that level," because relations between the Castro regime and the immense majority of Latin American countries are normal.

The Panamanian president-elect, who will be received tomorrow by King Juan Carlos, will meet with Prime Minister Felipe Gonzalez during his stay in Spain. He will also hold meetings with the ministers of trade and foreign affairs and with businessmen in the tourist and construction industries interested in investing in Panama.

Spokesman on 'Negotiated Asylum'

PA1307001694 Panama City Telemetro Television Network in Spanish 2300 GMT 12 Jul 94

[From the "Telemetro Reports" newscast]

[Text] Panamanian President-elect Dr. Ernesto Perez Balladares is on the second day of his visit to Madrid, Spain. Mario Velasquez, official spokesman for Dr. Perez Balladares, has given us the following report over the telephone:

[Begin Velasquez recording] President-elect Ernesto Perez Balladares today started his second day of activities in Madrid amid increasing interest among the media, especially on the Haitian issue.

The president-elect met with businessmen, industrialists, and bankers from the construction, tourism, and railroad industries, as well as with Spanish Government ministers of state involved with economic issues.

At a news conference at the EFE offices, Dr. Perez Balladares said he would be willing to welcome a limited number of refugees—no more than 5,000—who would be subjected to U.S. control in refugee camps at the defense sites maintained by the United States in Panama.

Dr. Perez Balladares said, as part of the solution to the Haitian Government problem—namely, the current crisis that involves the military hierarchy headed by General Raoul Cedras in Haiti—his government would be willing to grant a negotiated asylum—Dr. Perez Balladares used this term: negotiated asylum—to the military leadership. He also said this would be done under certain conditions and also would include a time limit. [end recording]

The president-elect also met in Madrid with Panamanian students with whom he discussed Panama's future for more than two hours. Perez Balladares will meet at noon tomorrow with Spanish Prime Minister Felipe Gonzalez and in the afternoon with King Juan Carlos at Zarzuela Palace. He will travel to Rome on Thursday to meet with Prime Minister Silvio Berlusconi. Perez Balladares will return to Madrid that same day, and he will stay there until next Sunday when he will head for New York. Dr. Ernesto Perez Balladares will close his tour with a meeting with U.S. President Bill Clinton.

Chamber of Commerce President Asks Study of Haitian Issue

PA1207161894 Panama City LA ESTRELLA DE PANAMA in Spanish 12 Jul 94 p A1

[Report by A. Sanchez Belisle]

[Text] Ricardo Duran, president of the Chamber of Commerce, Industries, and Agriculture of Panama, yesterday asked that any government decision to receive Haitian refugees be the product of a serious and responsible study and not the result of talks in the hallway.

"The important thing about this problem is that it should not be discussed on the stairs but should be the subject of a serious and responsible study that will consider all the measures, so that they will not be detrimental to Panamanians," Duran stated.

"Obviously there has been some confusion about and many negotiations on the problem of the Haitians. As a result, the Panamanian people rejected the foreigners being brought to an island of the Pacific Coast of the country, Duran explained. [no closing quotation remark as published]

President-elect Ernesto Perez Balladares, before leaving for Spain on Sunday, announced that when he takes office, he will permit the United States to give refuge to a limited number of Haitian refugees on the military bases for a period not to exceed six months.

That same day, Panamanian President Guillermo Endara maintained his position not to accept the Haitians, following a second round of talks with Sol Linowitz, personal envoy of U.S. President Bill Clinton.

Duran also announced that recently he sent a note to all members of the Chamber of Commerce, Industries, and Agriculture of Panama asking them to respect the government's prohibition on exports and imports of merchandise to or from Haiti, "except for foodstuffs or medicine."

"We sent a note to all members of our organization, to make them aware of the content of the Foreign Ministry's note so that they would not disobey or violate any provisions of this agreement," he stated.

Haitian Refugees Issue Stirs Controversy in Assembly

PA1207191094 Panama City Telemetro Television Network in Spanish 1730 GMT 12 Jul 94

[From the "Telemetro Reports" newscast]

[Text] President-elect Ernesto Perez Balladares' remarks on the Haitian refugees has created controversy in the Legislative Assembly. The subject was again discussed in the Assembly. Carlos Arellano Lennox said the departure of Haitians from their home country increases the probability of a U.S. invasion and that therefore accepting the arrival of Haitian refugees in Panama is equivalent to playing along with the North Americans.

[Begin Arellano Lennox recording] I have read that one of the conditions for receiving the Haitians is that they must stay on U.S. bases, away from Panamanian towns. I wish someone could tell me which U.S. base is away from a Panamanian town. [end recording]

Balbina Herrera, of the Democratic Revolutionary Party, said that the present government, not the president-elect, should make a decision on the Haitian refugees.

[Begin Herrera recording] The Panamanian people have spoken clearly. The Panamanian people have said they cannot understand the idea of bringing refugees in the number that has been reported. Another factor, which we also have mentioned before, is the poor handling of the subject of the Haitian refugees by the United States and President Guillermo Endara. The Panamanian people do not understand how we can accept a large number of refugees while we have so many unsolved problems. The Panamanian people have clearly said they do not view the idea of bringing Haitian refugees here in a positive light. I am fairly sure that by 1 September the entire problem of the Haitian refugees will have faded away. [end recording]

Union Leader Urges Debate on Haitian Issue

PA1207224894 Panama City LA ESTRELLA DE PANAMA in Spanish 12 Jul 94 p B36

[Report by Esperanza Navarro Francois]

[Text] Negotiations on the arrival of Haitian refugees in Panama "will encounter new opposition" from the Panamanian people if President-elect Ernesto Perez Balladares does not submit the proposal to a broad debate involving all sectors, according to Abel Santamaria, secretary general of the National Federation of Public Workers (Fenasep). Santamaria made his statement after Perez Balladares announced on Sunday, before leaving on a tour of Europe and the United States, that he would agree to accept Haitian refugees as of 1 September.

Samtamaria noted that the refugee proposal must be studied and reviewed, including conditions that would guarantee the Haitians are treated as human beings and not as a "herd of cattle."

According to the Fenasep leader, the opposition that President Endara received was not prompted by racism or arrogance but, rather, because of the unconsulted way in which he made his decision.

"The president tried to impose his views, and the people did not accept them," Santamaria noted.

He said the problem of the Caribbean island cannot be resolved with a placebo such as temporary refuge and it deserves to be the topic of international debate.

Santamaria also announced his opposition to any type of military intervention and he blamed the U.S. Government for the existing Haitian crisis.

MOLIRENA Rejects President-Elect's Offer of Posts

PA1207193294 Panama City LA PRENSA in Spanish 12 Jul 94 p 5

[Report by Orlando Mendieta]

[Text] Alfredo Ramirez, MOLIRENA [Nationalist Liberal Republican Movement] party president, announced yesterday that his party has not accepted President-elect Ernesto Perez Balladares' offer of positions in his government to members of that political organization.

Speaking during an interview with Circuito RPC Radio, Ramirez said that MOLIRENA's Political Committee met two weeks ago to study Perez Balladares' offer.

In this regard, Ramirez said that the Political Committee had decided not to accept Perez Balladares' offer, that included the helm of several autonomous institutions and of the Education Ministry.

He added that the news had not been made public previously because MOLIRENA was waiting for Perez Balladares' return to inform him personally of the party's decision.

MOLIRENA is the second party that has refused to participate in the government of the new president-elect; previously, the Arnulfist Party refused an offer to head up two ministries.

Ramirez also said that in this meeting the Political Committee had decided that as of 1 September, MOLIRENA will become part of the independent political opposition.

He added that his party has no plans to join any political force adverse to Perez Balladares' government and he noted that it will only support proposals that benefit the nation.

Ramirez' statements rule out participation in an opposition bloc for which Arnulfist Party President Mireya Moscoso de Gruber had issued a call.

Argentina

Di Tella: UN Must Approve Intervention in Haiti

PY1307023694 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2340 GMT 12 Jul 94

[Text] New York, UN, 12 Jul (AFP-NA)—Argentine Foreign Minister Guido Di Tella stated on 12 July that Argentina does not rule out the need to resort to a military intervention in Haiti to oust the military that staged a coup d'etat to overthrow President Jean-Bertrand Aristide. Nevertheless, Di Tella added that Argentina opposes any intervention that has not been previously approved by the UN Security Council.

During a news conference in New York, Di Tella said that "we do not rule out the need for a military intervention."

He nonetheless added that this decision "must be taken by the (UN) Security Council and must be multilateral. Otherwise, we would consider it to be illegitimate."

The foreign minister said that if the UN Security Council were to authorize a military intervention in Haiti, Argentina "would be willing to analyze how it would participate in it."

Washington has been stating for several months that it does not rule out a possible U.S. armed intervention in Haiti to unseat the coupists and make possible the reinstatement of the constitutional president, Jean-Bertrand Aristide, in office. Aristide was ousted from office by a military coup in September 1991.

Di Tella stated that the Haitian de facto government's decision to expel the international UN-OAS mission—which was in charge of monitoring the respect for human rights in Haiti—from the country "is a most serious step backward."

"This decision undoubtedly increases the possibility of a military intervention," and notwithstanding the fact that "such intervention would not be the first attempt at a response," it may trigger "a chain reaction that leads to a military action," he said.

"In the medium term, the events that occurred this week may be seen as a turning-point," he noted.

Di Tella also commented on the peacekeeping mission that the United Nations is to deploy in Haiti to keep order on the island once the military step down from office, either of their own accord or through the use of force.

The United States has proposed that this mission be comprised of 9,000 men and said it was willing to contribute a considerably large contingent to make up the number required.

The Argentine foreign minister further stated that his country wants "to significantly contribute to" the mission and that Argentina would send "several hundred" but "no more than 1,000" servicemen.

UN Urges Argentina, UK To Negotiate Falklands Issue

PY1307112894 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2341 GMT 7 Jul 94

[Text] New York, 12 Jul (AFP-NA)—The UN Decolonization Committee today asked Great Britain and Argentina to put an end to the Malvinas Islands' "colonial situation" through a "peaceful and negotiated" resolution of the territorial controversy.

A resolution adopted by the committee and jointly sponsored by Chile, Cuba, and Venezuela asked the Buenos Aires and London governments to strengthen "the current process of dialogue and cooperation by renewing the negotiations seeking a peaceful solution to the controversy as soon as possible."

Argentina's Foreign Minister Guido Di Tella said in a speech before the committee that his country is willing "to start negotiations with an open agenda" and adopt measures "to fully maintain the life-style of the islanders." Great Britain did not intervene in the committee deliberations.

The resolution reiterates that the way to end "the special and particular colonial situation of the Malvinas Islands (Falklands) is to seek a peaceful and negotiated solution" of the controversy.

In 1965 the UN General Assembly characterized the situation of the islands as "colonial" and since then it has exhorted both parties to resolve the conflict by diplomatic means.

On 12 July the committee stated, with regret, that despite "the broad international support" for negotiations between the Argentine and UK governments on all aspects of the islands' future, "implementation of the UN resolutions on the issue has thus far not begun."

Argentina has claimed sovereignty over the Malvinas, Georgias, and Sandwich islands since 1833, the year Great Britain occupied the territories and expelled the local authorities and inhabitants.

Argentina tried to recover the islands by military means in 1982, but its troops were expelled by British forces at the end of "the Malvinas war," which ended on 15 June of that year.

Di Tella on Hopes for Settling Incident With Brazil

PY1307003494 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1637 GMT 12 Jul 94

[Text] Buenos Aires, 12 Jul (NA)—On 12 July, Foreign Minister Guido Di Tella stated that Brazilian President

Itamar Franco's malaise, caused by a comment made by his Argentine counterpart, Carlos Menem, "will be overcome on 14 July," when the Brazilian ambassador to Argentina holds several official meetings geared to smoothing things over.

Itamar Franco's administration took offense at a remark by Menem comparing both countries' socioeconomic situation and ordered Marcos De Azambuja, the Brazilian ambassador to Argentina, to meet with the Argentine president and foreign minister within 48 hours.

Di Tella confirmed today that he will meet with De Azambuja on the morning of 14 July. The Brazilian ambassador will be subsequently received by President Menem "to put an end to something of little substance that is snowballing into a major problem."

The foreign minister explained that "we hope that the talks De Azambuja holds with me and the president will close this issue, which has been blown up out of all proportion by the press."

Di Tella played down the comment that sparked a complaint by Argentina's leading partner within the Mercosur [Common Market of the South] and pointed out that President Menem "has praised Brazilian economic policy on many occasions on account of the boldness that it is evincing at present."

Menem's remarks were made on the day the Federal March took place [6 July]. "How many protest rallies should be staged in Brazil, then, where the average salary is half of what an old-age pensioner collects in Argentina," he asked then.

The Argentine head of state apologized through the mass media for "having even remotely offended the people of a country which I hold in so great an esteem." This apology did not seem to satisfy Franco.

Argentine Deputy Foreign Minister Fernando Petrella was of the belief that in the eyes of the Argentine Government, "the subject is closed." He nonetheless pointed out that relations with Brazil "must be preserved and improved."

Petrella, speaking on the radio, stressed that "we will receive the Brazilian ambassador as soon as he arrives in our country. We are greatly interested in preserving and improving our relations with that country."

Alieto Guadagni, the Argentine ambassador to Brazil, was of the opinion that Menem "did not mean to offend" the Brazilian people with his remarks. He underlined that "one has to be optimistic" about the settlement of the presidents' differences.

Guadagni made it clear that trade relations "continue without interruption," although he pointed out that the Brazilian ambassador will meet with Argentine officials "to listen to their explanations."

Brazil attached great importance to this incident, so much so that it decided to suspend a lecture that Argentine Economy Minister Domingo Cavallo was to have given in that country as well the visit that Brazilian Deputy Foreign Minister Roberto Abdenur was scheduled to make to Argentina to discuss bilateral issues.

President Franco even threatened to abstain from participating in the Mercosur presidential summit to be held in Buenos Aires on 5 August.

Menem Announces Government Computer System

PY1207203594 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1532 GMT 11 Jul 94

[Text] Buenos Aires, 11 Jul (NA)—President Carlos Menem said today that one of the bases of his government is the elimination of corruption at its roots. He said: "We are achieving this through privatizations."

Addressing a ceremony at the White Room of Government House this morning, the chief of state said: "Those enormous monuments to corruption—state enterprises—have been transferred to the private sector and the state is now solely involved in the areas of justice, security, and education."

Menem signed four decrees drafted by Public Functions Secretary Claudia Bello. They promote significant changes to the state computer system.

The measure seeks a "bring bureaucracy to heel" with regard to the management of the state computer system by cutting red tape, by simplifying the system of purchases, and by chasing the best deals.

Commenting on the functions of the organization, Bello stressed that this task will be carried out by the Information Systems Under Secretariat, which "now assumes the organization of this function instead of just overseeing purchases."

Menem said "it is very important to continue" to eliminate administrative bureaucracy. He stressed that improvements like this "will always be welcomed and supported by this government."

Menem said: "Many things are resolved by computers; procedures become less tedious, which is why these systems have been installed within the government."

He said: "We want to install them (computers) here within the central administration of the national state because they speed up tenders, for example, and ensure that decisions are made by a computer, not by an individual."

He added: "Everything is done with computers: Documents for tenders are issued, offers are made, and the computer determines the winning bid."

He stated that the recent contract for a cellular telephone service was done this way.

He concluded: "No one decided which enterprise had won, the computer decided."

Menem Defends Economic Plan at Stock Exchange Ceremony

PY1207184394 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1137 GMT 12 Jul 94

[Text] Buenos Aires, 12 Jul (NA)—President Carlos Menem reiterated that the economic model is "non-negotiable" and that the economic policy will go ahead "come hell or high water despite the opinions of doom-sayers."

The chief of state said: "The economic plan continues unchanged because we know it enjoys the support of majority of the people who do not want to return to the past."

Menem said this yesterday as he presided at the ceremony to commemorate the 140th anniversary of the Buenos Aires stock exchange. The ceremony was attended by Economy Minister Domingo Cavallo, Stock Exchange Chairman Julio Macchi, and National Securities Commission Chairman Guillermo Harteneck among others.

The president began his speech by referring to the slump on the stock exchange yesterday, saying: "Yesterday was not a good day but these things happen now and again within a globalized economy."

He said: "Our model is based on an economic plan, and we expect the results of the stability we attained be transformed into production—that is, profits for those who risk their capital—and a better standard of living for everyone."

He said the stock exchange "has ceased to be a kind of casino where everything depended on luck," adding: "Nowadays one does not bet on chance, one bets on causes."

The chief of state took the opportunity to again question the opposition, which organized the Federal March, saying: "Argentines will progress through solutions not through demonstrations."

He said: "Many parties are too young to understand this and others are so old that they are condemned by their past."

Menem based his will to maintain the economic plan on the fact that exports have increased by 20 percent, that there is an inflow of foreign investments, that internal savings levels are increasing, that consumption increased by 30 percent in the past five years, and that electricity consumption increased by 12 percent last year.

Replying to the stock exchange chairman's concern for the unemployment level, Menem said: "It has stood at the same level since May 1993 (9.9 percent), which is an accomplishment compared to European countries."

Bolivia

Peasant Leaders Involved in Drug Trafficking

PY1207163394 Cochabamba LOS TIEMPOS in Spanish 28 Jun 94 p A3

[Text] La Paz, 27 Jun—The government has again expressed its concern over the involvement of coca producer federations and centrals with illegal drug trafficking activities in the tropical Chapare region.

Controlled Substances Under Secretary Hugo Canelas today reported that in two different operations in the past few days, two peasant leaders had been arrested carrying a considerable amount of cocaine.

He said that during an operation in Cochabamba, the Special Antinarcotics Force (FELCN) verified that drug traffickers have "deeply" infiltrated coca growers organizations.

The arrested peasant leaders were Luciano Ticona Tasguido, leader of the "Santa Rosa" peasant central, and Modesto Condori Diaz, leader of the 10 August peasant union from the "San Gabriel" central.

"This demonstrates that several mid-ranking peasant leaders from the Chapare are seriously involved in drug trafficking," Canelas said. He added that Ticona and Condori are closely involved in the preparation and sale of cocaine base.

Canelas said that drug trafficking activities carried out by Chapare peasant unions have spread around the entire "heart" of the Cochabamba tropical region. He said Ivirgarzama, the Chapare, and Chimore are the areas where most drug trafficking activities take place.

"The area where peasant leaders are most involved is in the Tropical Cochabamba and Carrasco Federation, which is controlled by peasant leader Evo Morales," Canelas said. He recalled that seven coca leaders from the Tropical Cochabamba Federation were arrested a month ago and sent to court.

Congressmen Reject Possible Extension of Presidential Term

PY1307021694 La Paz HOY in Spanish 29 Jun 94 p 10

[Excerpts] Congressmen of the ruling bloc have said they will reject any attempt by President Gonzalo Sanchez de Lozada to extend his term, either by amending Article 230 of the Constitution or by extending the constitutional period to five years.

Deputies Eudoro Galindo (MNR) [Nationalist Revolutionary Movement], Jaime Ponce (UCS) [Solidarity Civic Union], and Juan del Granado (MBL) [Free Bolivia Movement], rejected any extension possibility and recalled that, in the country's history, these attempts have only generated violence among the people.

"The rumors circulating are mere speculation which is terribly risky and harmful for the democratic system," Galindo said, recalling that there have been many aborted attempts to remain in power. [passage omitted]

Galindo said that to think of extending Sanchez de Lozada's term in office is "imprudent and naive."

He said an attempt can be made to amend Article 230 of the Constitution, but then serious and "disastrous" dissatisfaction would emerge.

UCS Deputy Ponce Caballero fully agreed with his MNR colleague and said that he can never agree to reelection because it would change the course of democracy. He said: "Democracy must function actively." [passage omitted]

Brazil

Lula's Party Leaders Want Mercosur Timetable Revised

PY1307113194 Sao Paulo GAZETA MERCANTIL in Portuguese 11 Jul 94 p 5

[By Maria Helena Tachinardi]

[Text] If it wins the October presidential election, the Workers Party (PT) will propose to the other Mercosur [Common Market of the South] member countries a comprehensive revision of the timetable for implementation of the agreement. The PT also plans to adopt compensatory measures designed to protect some Brazilian production sectors—for instance, rice and fruits in the area of agriculture—following the implementation of Mercosur.

The Mercosur timetable provides that its four member countries will observe a zero tariff system among themselves beginning 1 January 1995—the date when the Brazilian president-elect will be inaugurated. Mercosur also envisages the standardization, by the above date, of the common external tariff for nearly 85 percent of products.

The above announcement was made by at least three leading members of the campaign staff of PT presidential candidate Luiz Inacio Lula da Silva. They are: Marco Aurelio Garcia, the national coordinator of the PT government program; Rui Falcao, the PT national president; and Marcus Sokol, another coordinator of Lula's campaign.

The three ranking PT members have noted, however, that the PT is firmly backing Mercosur. Speaking to GAZETA MERCANTIL, Garcia said: "We are firmly committed to respecting the Mercosur agreements. We believe, however, that an agreement like Mercosur cannot be implemented hastily. For instance, the designing of the European Union has taken 40 years." In remarks to senior editor Marcio Aith, Garcia said: "We will have to call the other member countries to revise the agenda, especially those topics which, in our opinion, have not been adequately discussed."

Both Garcia and Falcao have suggested that the Mercosur priorities and timetable be redefined. Falcao told reporter Ana Florence that "Mercosur should not only become a free trade area. It should also establish a common policy in the industrial and agricultural areas, and strong technological and scientific and cultural cooperation." Sokol said: "Although establishing a free trade area is important, it is not our main objective."

The three PT leaders harshly criticized Argentine Economy Minister Domingo Cavallo's remark that a possible Lula victory in the Brazilian election would endanger Argentina's presence within Mercosur. Cavallo made these remarks two weeks ago in London during a private meeting sponsored by a financial institution and attended by nearly 20 prominent investors. Cavallo speculated that Lula's victory might cause Brazil to enter a stage of instability that would make it very difficult to further the integration process among Argentina, Brazil, Paraguay, and Uruguay. Cavallo believes the PT could follow a different path that might be contrary to that of trade liberalization.

Sokol said: "Cavallo's remarks did not take me by surprise." He added that "a notorious partnership has been established between Cavallo and Brazilian Social Democracy Party [PSDB] presidential candidate Fernando Henrique Cardoso." Falcao charged that "Cavallo is committing electoral terrorism at a time when his plan is sinking in Argentina. While he is a neoliberal policy advocate, our election would represent a victory of the opposite position."

In addition to the political charges made against Cavallo's remarks, at least two of them revealed a relatively clear position regarding tariff reduction. Garcia said: "The Mercosur project is quite clear and we would not change it."

Falcao said: "We are not concerned about tariff reduction. Yet, we are concerned about the timetable and the need to adopt compensatory measures to protect some industrial sectors."

The three PT leaders do not believe the other countries will object to the possibility of revising the Mercosur timetable.

Garcia said: "Lula's victory would create an antiliberal and realistic sentiment both in Argentina and Uruguay. The two countries will realize that an economic opening process alone—like the one conducted in Argentina under the Cavallo Plan—will erode the industrial sector, will deregulate the job market, will cause the trade deficit to rise, and will bring about a crisis."

PSDB presidential candidate Fernando Henrique Cardoso and Democratic Labor Party candidate Leonel Brizola are in favor of complying with the timetable negotiated within Mercosur. This means that, if either of

them is elected, they will not reopen for discussion the need to allow some industries more time to adjust to the tariff reductions. Cardoso and Brizola believe that 1 January 1995 is the appropriate time for a free trade area to be established among Brazil, Argentina, Uruguay, and Paraguay.

The Sole Workers Center (CUT) will oppose Mercosur if social rights and job security are not respected. CUT member Rafael Freire Neto told assistant editor Sandra Nascimento that "the CUT would not oppose a market opening if these rights are respected."

Poll Indicates Lula Leading; Two Rounds of Elections Likely

PY1207191794 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 11 Jul 94

[Text] The Brazilian Opinion and Statistics Institute, Ibope, has released figures on a new poll on the 1994 presidential elections. Here are some results:

If the elections were held today, Luiz Inacio Lula da Silva, Workers Party, would be elected president with 35 percent of the votes. Fernando Henrique Cardoso, Brazilian Social Democracy Party, would be second with 20 percent of the votes; former Rio de Janeiro Governor Leonel Brizola, Brazilian Labor Party, would be third with 6 percent; and former Sao Paulo Governor Orestes Quercia, Brazilian Democratic Movement Party, would be fourth with 4 percent.

Candidates Esperidiao Amin, Progressive Renewal Party, and Eneas Carneiro, National Order Redefinition Party, would come out even with 3 percent. Deputy Flavio Rocha, Liberal Party candidate, would have 1 percent of the votes.

The number of void and blank votes, as well as those of voters who are still undecided, totalled 21 percent.

Three other presidential candidates—Walter Queiroz, National Reconstruction Party; Hernani Fortuna, Social Christian Party; and Caetano Matano, Brazil's Workers Party—received no votes in the Ibope poll.

A diagram shows the presidential candidates' performance in the last four Ibope polls:

In April, Quercia had 6 percent of the votes; in May he lost 1 percent of them; in June he recovered the original number of votes; and in July he lost 2 percent of the votes and now has 4 percent of the overall number of votes.

Brizola had 9 percent of the votes in April; descended to 8 percent in May; maintained that same level in June; and has now lost 2 percent of the votes, with 6 percent.

Cardoso began with 17 percent in April; descended to 15 percent in May; went back to 17 percent in June; and has now gone up to 20 percent.

Lula had 34 percent of the votes in April; went up to 36 percent in May; and increased to 39 percent in June. In July he has descended four points, and now has 35 percent of the votes.

With these results, and if this trend prevails, there will be two rounds of elections. For this poll Ibope interviewed 2,000 voters countrywide from 30 June to 3 July.

Central Bank Economist Views New Exchange System

PY1207225694 Rio de Janeiro O GLOBO in Portuguese 9 Jul 94 p 22

[Interview with economist Gustavo Franco, the Brazilian Central Bank, BC, director for international affairs, by journalists Nelson Torreao and Soraya de Alencar; place and date not given]

[Excerpt] [O GLOBO] Why was the article about the autonomy of the BC eliminated from the economic plan?

[Franco] We were not convinced that this was the moment to send that draft bill to Congress. We naturally want to send a good bill to regulate Article 192 of the Constitution, which refers to the autonomy of the BC. Maybe this is not the correct moment to do so because Congress could use the opportunity to regulate the constitutional limit of 12 percent on interest rates, for example. There was a fear that our bill may have been cut to pieces.

[O GLOBO] Does the elimination of this article harm the plan?

[Franco] The independence we need will come through the reorganization of the National Monetary Council, CMN. Law 4595 establishes the CMN as the monetary authority. It is very important to isolate the CMN from three things: Ministries that spend too much; entities controlled by the CMN, like official banks; and private sector advisers. Despite some cases of exemplary, sensible, and rational behavior, many advisers defend corporate interests.

[O GLOBO] How do you evaluate the first week of the real?

[Franco] Some have been crying over the exchange rate, others wonder about interest rates and about a possible freeze on the price of bread. That is natural. No analyst interviewed by the press, however, has any reservation about the macroeconomic consistency shown by the BC. The BC is subject to limitations in money issuance. As a result, it has adopted measures to control the monetization process: It maintained the requirements for rural credit associated to demand deposits, thus preventing rural credit from expanding when there is no demand, it modified the Reference Interest Rate methodology so that it did not become excessive.

[O GLOBO] President Itamar Franco believes interest rates are still too high.

[Franco] It is normal that interest rates should remain at a nominal 8.3 percent, particularly when a plan is being implemented and there is great uncertainty about inflation. Let us suppose interest rates and the Consumer Price Index-Real remain at 6 percent. To start the economic program with an interest rate equal to zero is a recipe for disaster. We started the program with interest rates at a prudent level and as we get more information on the development of the program we will make adjustments. If the basic foodstuff basket continues to drop, inflation projections will naturally change.

[O GLOBO] Will the new exchange rule remain in force?

[Franco] The exchange rate band system is a mid-term between purely flexible rates and fixed rates which is being successfully adopted worldwide. It is only natural to adopt this new system here now that several things are required from the exchange policy. First, the policy must ensure that the value of one currency does not surpass the value of another; second, the BC should not buy dollars every day or have to issue currency every day to enable them to buy the dollars, only to be forced to remove the currency from circulation through the issuance of very expensive certificates; and third, it enables the government to reveal the market level. Last week, the BC did not buy or sell dollars and the exchange rate was free from the game of international negotiations. Why should we talk about an exchange lag when this is the market price? This system has given freedom to exchange contracts and enabled them to find their own level. I believe this process is irreversible.

[O GLOBO] You wrote that it will be necessary to implement changes in the exchange market. Will this merely consist of implementing regulatory measures?

[Franco] Several exchange markets are currently interlinked: The commercial market, the fluctuating market, the exchange market associated with the gold market, the markets associated with the exchange market, the futures market, and others. Each communicates with the other and with the black market through strange complex channels. The exchange market is a large room divided into smaller rooms. Perhaps we should have one room where everyone negotiates one single commodity—because, after all, it is just one commodity: foreign money—and with rules adapted to a simpler world.

[O GLOBO] Can we roughly translate that into unification of the markets?

[Franco] It is not that simple because some transactions are made in the fluctuating market as a result of documental requirements, terms, and conditions that are different from those of the commercial market. If these markets were unified, what identification regime, what demands would we adopt for the overall group of markets?

[O GLOBO] Will these changes be implemented during this administration?

[Franco] In the medium term. One begins with simple measures that can be done immediately. One of these has already been done: we have ended exchange broker operations. It existed in law and it had its own small cartel. Every corporation had to contract an exchange broker to conduct an exchange operation and had to pay a commission for it. It was absurd. [passage omitted]

Coffee Exports Again Suspended Following July Frosts

PY1207211294 Sao Paulo GAZETA MERCANTIL in Portuguese 11 Jul 94 p 1

[Article by Fatima Belchior in Rio de Janeiro]

[Text] Expecting a new increase in coffee prices on the London and New York stock exchanges, the Brazilian Government again suspended the registries of coffee exports it had reopened last 8 July.

The frosts which this past weekend, 9-10 July, affected the coffee plantations in the states of Minas Gerais, Sao Paulo, and Parana, justify the government's cautiousness. Industry, Commerce, and Tourism Ministry official Frederico Robalinho told GAZETA yesterday: "We want to get the most from our exchange revenues."

Two weeks ago the government closed the coffee export registers following the frosts which mainly affected the State of Parana. This time the most affected area was the main producing state: Minas Gerais. The meteorological service yesterday did not rule out the possibility of new frosts at dawn on 10 and 11 July in the coffee producing areas.

Robalinho said the government will continue to auction coffee stocks to cover domestic demand and that required for the soluble coffee industry.

Editorial Examines Diplomatic Incident With Argentina

PY1207151894 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 10 Jul 94 p A3

[Editorial from the "Notes and Information" page: "The Brazilian-Argentine Conflict"]

[Text] Readers will naturally tend to consider Argentine President Carlos Menem's discourtesies, and the Brazilian president's reply, as something that is not serious. In fact, everything would seem to indicate that the remarks by the Argentine president on the minimum salary in Brazil are just another annoying expression of the type that is typical of people from Buenos Aires. From this viewpoint, President Franco's reaction to the remarks (which were undoubtedly malicious) was far too serious, and stronger than Menem's discourtesy, as he jeopardized relations between Argentina and Brazil within Mercosur [Common Market of the South].

No matter how ridiculous it might seem, the situation is, however, serious. It does not matter whether the persons

involved did not perform as expected. We are confronting a diplomatic fact that cannot be underestimated, as it involves chiefs of state who say things about their respective countries, especially because President Franco joked about Menem's mood (Argentina's defeat in the world soccer tournament) and said that he had recalled Brazilian Ambassador Marcos Azambuja for consultations. For the reader, recalling the ambassador, who was in New York, can be something insignificant, but in the relations between two states it indicates that diplomatic ties are going wrong and could worsen in the future.

It is not known why Menem scorned a crowd of 60,000 demonstrators by asking them to compare their wages with the wages paid in Brazil. It was not because of the world soccer tournament. Consequently, there must have been a stronger reason. Likewise, despite President Franco's reactive temper, his reply was not caused by Menem's inelegant attitude toward the Brazilian president (Menem supported Salinas de Gortari during Franco's absence). Accepting this explanation would be equivalent to returning to the time in which history was shaped by the mood of kings...

The mood of each president, everyone with his own peculiar habits, did play a role, and will continue to play a role. It should be noted, however, that the concern on the part of San Martin Palace—the Argentine Foreign Ministry—to remedy the incident, and the discreet attitude of Itamaraty, reveal that there are underlying facts. Such facts show that it is necessary to prevent wrong steps from recreating a heavy diplomatic atmosphere, as in the time of former Argentine President Alejandro Lanusse, who publicly criticized former Brazilian President Medici, or during the time of former Brazilian President Ernesto Geisel and former Brazilian Foreign Minister Azeredo da Silveira, in connection with the Itaipu project.

President Sarney's efforts to profit by the atmosphere he had inherited from the Joao Figueiredo government—when Itamaraty managed to resolved the Itaipu conflict—to promote ties with Argentina became a trademark for the following Brazilian administrations. The result was that for the public, Brazilian- Argentine relations began to sail in a blue sea, a sea that was so blue that the Army could transfer units from the southern region to the Amazonas, and Mercosur become the wonder of wonders. The efforts on the part of San Martin and Itamaraty to conceal the still existing disagreements succeeded, but superficially.

It can be truly said that the Brazilian-Argentine conflict has never ended. The world of business is quite different from the world of state relations. Business within Mercosur, which has expanded markets for everybody—to some extent favoring Argentina, to the detriment of other possible partners—could strengthen ties that will some day be reflected at the level of state relations. Brazilian and Argentine state reasons, whichever, do not coincide with business reasons (just as they do not coincide even within the European Union). The conflict between the two countries is alive in a series of subjects. Who will be the standing UN Security Council member, if there is a reform? What will be the attitude toward foreign pressure for signing the nuclear nonproliferation treaty? Argentine has stated its willingness to sign it, leaving Brazil practically alone. What position will be adopted in light of foreign (U.S.) pressure for building a cooperative defense system? Argentina fervently supports this initiative, sometimes even without tact, while Brazil has always said "no." Those disagreements, at various levels, surface rather crudely. They mark the disagreements between states and they account for the distrust that each state has about the other.

San Martin and Itamaraty considered the minimum salary incident to be closed after Menem apologized in a radio interview. Other incidents will come after this, and after the incident in Colombia, because—unfortunately for the two countries—history is written by the impulse of kings, whose actions, without their being aware of it, are driven by deeper forces. That is why the foreign ministries are now playing such an outstanding role.

Argentina's Menem Invites Franco to Mercosur Summit

PY1207232094 Sao Paulo GAZETA MERCANTIL in Portuguese 11 Jul 94 pp 1, 5, 6

[Article by Paulo Totti from Buenos Aires]

[Excerpts] The letter that Argentine President Carlos Menem sent to President Itamar Franco the evening of 8 July is not a formal apology for the careless statements made by the Argentine president about the distribution of wealth in Brazil. [passage omitted]

Written following some telephone calls between San Miguel de Tucuman, where Argentine Foreign Minister Guido Di Tella was staying, and Brasilia, where Brazilian Ambassador Marcos Azambuja went after departing from New York, the letter by Menem to Itamar Franco has more ambitious objectives than simply to apologize:

1. To reiterate the importance Argentina is giving to the meeting of the Mercosur [Common Market of the South] presidents in Buenos Aires on 5 August.
2. To erase the impression that for fear of the upcoming presidential election results in Brazil and Uruguay, Argentina is allegedly seeking a pretext to avoid assuming—together with Brazil, Paraguay, and Uruguay—commitments in August that must be complied with by 1 January 1995. [passage omitted]

The following is the text of the letter sent by President Menem to President Franco on the evening of 8 July:

"Dear President and friend:

"With respectful affection as always, I resume contact with you to personally invite you to accompany us,

together with the presidents of the Republic of Paraguay and the Oriental Republic of Uruguay, to the Mercosur summit that will take place in Buenos Aires on 5 August.

"I want to express, dear President, that I have no doubt of the total success of this summit, in which we will take decisive steps toward our integration process.

"This meeting will likewise represent an excellent opportunity for me to review with you the excellent relations we have consolidated between Argentina and Brazil and to tell you of my admiration for the wise and persistent effort your government is making to reactivate social and economic growth in your country.

"Thus, with the deep affection my people and government have toward the sister Brazilian nation, I wait for you.

"Your friend as always,

"Carlos Menem"

Further on Disagreement With Brazil, Menem Letter

PY1207234394 Sao Paulo AGENCIA ESTADO in Portuguese 2037 GMT 12 Jul 94

[Report by Tania Monteiro]

[Text] Brasilia, 12 Jul (AE)—President Itamar Franco has canceled the order he had given Brazilian Ambassador to Argentina Marcos Azambuja to ask Argentine President Carlos Menem for an explanation of the criticisms he made of Brazilian economic policy. Planalto Palace today released a letter signed by Menem in which he reiterates his invitation to President Itamar to attend to a Mercosur [Common Market of the South] summit in Buenos Aires next 5 August and in which he stresses that this summit is "a decisive step toward the integration process."

Presidential spokesman Fernando Costa said that Franco canceled the order given to Azambuja "hoping that the Argentine Government will cease meddling in Brazilian domestic matters." In the letter, sent through the Argentine foreign minister, Menem expresses his wish to meet with Itamar to discuss "his admiration "for the wise and persistent effort your government is making to reactivate social and economic growth in your country."

When asked whether Menem's letter to Itamar closes the episode of disagreement with Argentina, the presidential spokesman answered: "A word to the wise is sufficient." Menem's letter, released by Planalto Palace, was written on 8 July, a day after Menem criticized the Brazilian minimum wage during a demonstration against the Cavallo Plan. Menem said that many demonstrations should take place in Brazil, where the minimum wage is half of what a pensioner earns in Argentina.

President Itamar had already become annoyed at Menem in Cartagena, Colombia, during the Fourth Ibero-American Summit when the Argentine president suggested the name of Mexican President Carlos Salinas de Gortari for chairman of the World Trade Organization. A few days earlier, Brazil had put forth the name of Finance Minister Rubens Ricupero for the post and had asked the South American countries for their support. At that same summit, Franco had become irritated with Menem's criticisms of the Brazilian attitude supporting the lifting of the economic embargo on Cuba.

ROK Envoy To Visit, Discuss 'Secret' DPRK Nuclear Plan

PY1307004794 Rio de Janeiro O GLOBO in Portuguese 12 Jul 94 Section 2 p 3

[By Valeria Blanc from the "Zozimo" column]

[Text] Ambassador Hong Sun-yong, a special envoy of the Seoul Government, is scheduled to arrive in Brasilia on 14 July.

The Korean envoy will meet with Foreign Minister Celso Amorim and President Itamar Franco to discuss Pyongyang's secret nuclear program.

Roundup of Electoral Reports

PY1207152894

[Editorial Report] The following is a compilation of reports on electoral activities monitored through 7 July.

The Superior Electoral Court, TSE, has decided to summon 3.5 million voters to help with the general elections in October, of whom 2.5 million will be polling station supervisors and 1 million observers. The TSE has established that each polling station will have only one ballot box, and that two ballots be used: a white one for federal and state deputy, and a yellow one for president, governor, and senator. Two voting booths will be installed, one for the white ballots and another for the yellow ones. Voters will first use the white voting booth to fill in the white ballot, and will afterwards cast their votes in the yellow voting booth. It is thought that each voter will spend an average of two or three minutes in the balloting booth, and that approximately 30 to 44 voters will vote per hour. At the limits of the system's efficiency, a group of 500 voters would finish the process and close the polling station at 2300, considering a 15 percent rate of abstention. The official voting time will be from 0800 to 1700. Long lines are expected at the largest polling stations, which could have 500 or more voters. The vote tally for president may last 15 days. Besides, the TSE wants to reach an agreement with the media to limit exit polls, for fear of their influence on voters. (Sao Paulo FOLHA DE SAO PAULO in Portuguese 2 Jul 94 Section 1 p 7)

Senator Fernando Henrique Cardoso formally began his leave of absence from his Senate post on 6 July. He remained in his post to vote in the congressional sessions considering the impeachment of congressmen involved

in the budget scandal. In a message to the Senate secretary, Cardoso informs him of his decision to suspend the exercise of his mandate except in cases of "extreme necessity." Cardoso gave up his senatorial privileges, such as an official car, a cellular telephone, paid mail expenses, the right to use the Senate printing office, and telephone lines. He also asked the Senate to find a legal form to suspend his pay as senator for as long as the presidential campaign lasts. (Sao Paulo AGENCIA ESTADO in Portuguese 2111 GMT 6 Jul 94)

Economist Paulo Renato Souza is coordinator of the government program of the Brazilian Social Democracy Party-Liberal Front Party-Brazilian Labor Party, PSDB-PFL-PTB, alliance. He is considered a sure member of Fernando Henrique Cardoso's future cabinet if Cardoso wins the elections. An old friend of Cardoso, Souza was, until last week, operations manager for the Inter-American Development Bank, IDB, in Washington, and is currently one of Cardoso's closest aides. Souza, who graduated from Rio Grande do Sul Federal University, is an expert on employment. He is also former dean of Campinas University, Unicamp, and was Sao Paulo State education secretary during the Franco Montoro administration. He was also alternate senator for the PSDB in 1990. (Sao Paulo AGENCIA ESTADO in Portuguese 2036 GMT 4 Jul 94)

The government platform of Fernando Henrique Cardoso, candidate for the PSDB-PFL-PTB alliance, will include an ambitious program of public works to increase employment in the country. It will prioritize works that increase agricultural production and facilitate the transportation of the harvest, as well as rural electrification and the integration of river, railway, and road transportation systems. The program envisages five financing sources: the national budget, reinforced by a fiscal reform that will depend on negotiations with Congress and a constitutional amendment; the acceleration of the privatization program, including the sale of state telecommunications companies; the issuance of public bonds by the federal government and the public companies to attract foreign investment, as was done in Argentina and Mexico; international loans from multilateral financial institutions; and private investment for infrastructural work through public franchise contracts. Tourism investments for the northern and northeastern regions will also be prioritized. (Sao Paulo O ESTADO DE SAO PAULO in Portuguese 5 Jul 94 p A6)

The Workers Party, PT, is planning a strategy to discredit the Real Plan that will be implemented soon after the World Soccer Cup concludes. The idea is to warn voters of the shortage of goods, based on figures that will show an increase in family basket prices and other basic expenses. "We want to make pedagogical demonstrations with figures, so the public can understand that the PT is not against economic stability, but against the high expenses for the workers," said PT Secretary General Gilberto Carvalho. He said the party will also take the campaign to the streets by distributing propaganda and by collecting money from the public at traffic lights. He added that the party will not abandon its stance on ethics and morality. (Sao Paulo AGENCIA ESTADO in Portuguese 0014 GMT 6 Jul 94)

Chile

Pros, Cons of NAFTA, Free Trade Accord Viewed

PY1307033094 Santiago LA TERCERA DE LA .IORA in Spanish 29 Jun 94 p 8

[Report by Hugo Traslavina]

[Text] The alternative between Chile joining NAFTA or signing a bilateral free trade agreement (TLC) with the United States gained strength again yesterday following the meeting held by presidents Eduardo Frei and Bill Clinton. Despite the optimistic expectations that existed yesterday, the situation remained confusing after the important meeting of the two heads of state at the White House.

The choice between the two alternative is now in the hands of the Clinton administration and the Chilean Government. These are the two alternatives:

1. NAFTA (North American Free Trade Agreement): It entails an agreement between the United States, Canada, and Mexico implemented on 1 January after a lengthy and complex process for approval by the United States that concluded on 17 November 1993.

The following are the advantages that joining NAFTA would have for Chile:
—Expeditious access to one of the largest markets in the world, from the viewpoint of its population as well as its GDP, with 360 million inhabitants and $6.6 trillion, which represents 30 percent of the world GDP
—Increase the flow of U.S. investments in Chile, as a result of the international upgrading of Chile
—Increase Chilean exports to the United States
—Increase the transference of Canadian and U.S. technology to Chile
—Increase the employment opportunities and the salaries of those sectors that will benefit from the increase of exports and the inflow of investments

The following would be the possible disadvantages:
—Eliminate the protection measures for traditional agricultural activities (price bands), with their consequent loss of competitiveness vis-a-vis U.S. producers
—Increase of domestic costs due to the implementation of more measures to preserve the environment
—Implementation of stricter measures to protect intellectual and industrial property, which might affect the national pharmaceutical laboratories. In this sense, there would be strong demands to control software piracy at the risk of the United States deciding to adopt reprisals against Chile

2. Bilateral U.S.-Chilean agreement: It represents an agreement on free trade similar to NAFTA, but exclusively affects the two countries. The most important advantages of this option for Chile are:
—The expeditious entry to the U.S. market that, as an individual country, has the greatest economy in the world with more than $5.6 trillion and 26 percent of the world GDP
—Increase Chilean exports to the United States
—Increase direct U.S. investments in Chile
—Chile's upgrading in the international list of countries involving risk

The disadvantages would be:
—Greater demands in the labor field, which would be upheld by the U.S. workers organized in unions, in terms of their own reality
—Possible legal contradictions between the precepts of the free trade with NAFTA and the economic cooperation agreement between Chile and Mexico
—Chile's inferior capacity to negotiate, without the support of the other NAFTA partners, better conditions vis-a-vis the United States, which has an economy 500 times greater than the Chilean economy

Carabineros Director To Stay, Resumes Duties

PY1307122094 Santiago Television Nacional de Chile Imagen Internacional in Spanish 0100 GMT 13 Jul 94

[Text] The Defense Ministry has announced that on 17 July Carabineros Director General Rodolfo Stange will resume the activities he had partially delegated to Carabineros Deputy Director Fernando Cordero.

In a brief communique the ministry stated that Gen. Stange has informed Defense Minister Edmundo Perez Yoma of his decision to continue in his post. The communique adds that the government respects Gen. Stange's constitutional right to continue as head of the institution, although it regrets that he failed to accept the recommendation that he resign which had been opportunely made by the government.

CUT Workers Rally; Incidents Reported

PY1207155194 Santiago Television Nacional de Chile Imagen Internacional in Spanish 0100 GMT 12 Jun 94

[Excerpts] The rally that was organized in downtown Santiago today by CUT [United Labor Confederation] to protest the current situation of Chilean workers ended with some incidents. Similar incidents took place in other important Chilean cities. [passage omitted]

The current situation in downtown Santiago is completely calm. This calm situation, however, was disrupted for a few minutes at approximately 1930 when Carabineros had to intervene to disband a group of demonstrators who had gathered in front of the CUT headquarters. [passage omitted]

Traffic at the corner of the Plaza Italia and Bernardo O'Higgins Avenue, although rather slow, did not present any difficulties. The demonstrators arrived at Ahumada Boulevard at approximately 1900. Activities in the area continued normally during the demonstration.

Shortly before 1800 the columns of demonstrators started marching towards the CUT headquarters; one left from the Estacion Central in western Santiago, and the other from the Plaza Italia in eastern Santiago along Bernardo O'Higgins Avenue. CUT leader Manuel Bustos joined the march at the Plaza Baquedano, where the rally was almost three blocks long. During the rally, the coordinators repeatedly asked the demonstrators to avoid causing any incidents. Carabineros guarded the demonstrators and interrupted traffic along the southern side of O'Higgins Avenue.

The two columns met at 1915 in front of the CUT headquarters, where Manuel Bustos addressed the crowd with harsh words against the businessmen. He said that the time had come to stop humiliating the workers. [passage omitted]

In a speech that lasted less than eight minutes, the CUT leader made energetic and clear warnings to the businessmen and to the administration. [passage omitted]

The situation at the Labor Ministry today, in view of the CUT rally, was calm. Minister Jorge Arrate said that the rally was legitimate but mistaken. He believes this rally will only make the sectors involved more inflexible. [passage omitted]

It should be pointed out that at the end of the rally a group of some 40-50 people remained in front of the CUT headquarters to demand a nationwide strike. They also insulted CUT President Manuel Bustos and started some fires, which caused the Carabineros to intervene.

A few minutes after the rally, a group carrying posters with MIR [Movement of the Revolutionary Left] slogans started a fire at the corner of Bernardo O'Higgins Avenue and Teatinos Street, which triggered further incidents as these same people tried to march towards La Moneda Palace but were intercepted by Carabineros. The demonstrators then started throwing sharp objects and tried to block the avenue. At this point, the Carabineros resorted to their water cannons and tear gas bombs to disperse the demonstrators. A few innocent bystanders and journalists were also affected by the Carabineros actions. The situation, however, returned to normal a few minutes later. [passage omitted]

According to the Carabineros, four people were arrested during the incidents that followed the CUT rally. Interior Under Secretary Belisario Velasco estimated that between 6,000 and 7,000 people participated in the CUT rally. [passage omitted]

Report on Current Situation in 'Terrorist' Groups

PY1307013294

[Editorial Report] Santiago EL MERCURIO in Spanish on 26 June carries, on pages A1 and A19, an approximately 1,400-word report by Enrique Mujica assessing the current situation of the Mapu Lautaro and Manuel Rodriguez Front [FMR].

The report notes that according to the government, the recent arrest of Guillermo Ossandon, leader of the Mapu Lautaro Group, represents "an important blow, but not necessarily a terminal blow." The government believes that the arrest of Ossandon, who strongly upheld the armed struggle, will strengthen those Lautaro Group members who uphold political action. Experts, based on the weapons seized from those arrested, also have doubts about the group's logistical capacity and have noted that since the political struggle has ceased to be a main issue in Chile, very few are willing to take up arms to attain certain objectives.

As for the surrender of FMR former leader Sergio Bushmann, the report states that it "is a political strategy" that seeks to give legitimacy to their struggle because they fought the dictatorship, and to give the movement continuity without the use of weapons because "there are more than one thousand FMR members underground."

The report goes on to point out that according to the FMR, some 1,000 members in Chile and abroad live in precarious conditions, from the charity of other nations and international organizations. Therefore, members of the movement want to legalize their situation so that they can resume a normal life in Chile without having to go to prison. The government has stated, however, that it will study each case separately.

New Ambassador to U.S. Interviewed

94SM0377B Santiago LA NACION in Spanish 1 Jun 94 p 4

[Interview with U.S. Ambassador John Biehl by Maria Ines Ruz in Santiago; date not given]

[Excerpt] Political scientist John Biehl, Chile's new ambassador to the United States, has been studying world problems for some time. But he is also a man of action. During the peace negotiations in Central America, he served as the adviser to the then president of Costa Rica, Oscar Arias, whom he met when they were both studying political science at the University of Essex in England.

"We did not stop to think about the inertia in which we were trapped. A majority of the political parties were involved in these blocs that claimed to be antagonistic, to the point that the most likely outcome was a final holocaust. Suddenly we said: 'We do not want a world which will end in the great atomic mushroom cloud!' There is no one single solution, but we have the opportunity to build democracies in Latin America."

Viewing the Chilean situation through this prism, Biehl noted that "it makes no sense to talk about the transition from the Pinochet government to democracy. That government is already a part of our history. What we have to deal with is the transition from the post-Cold War era in which the whole world is involved. Many of Chile's institutions and constitutional provisions were dictated by the Cold War. The world that has collapsed so resoundingly for Marxism has also collapsed for the ultraright wing that existed as a function of the creation and training of armies."

Biehl's idea is that relations with the United States should not focus on economic issues alone; instead, the two nations should be "partners in the construction of this new era, waging the struggle together on issues that are increasingly global in nature." He talked about the establishment of democracy in all countries, respect for human rights, the battle against poverty, caring for the planet, and the battle against drugs and international terrorism. "There are a multitude of issues, and increasingly they know no frontiers," he stressed.

[Ruz] Based on the grape issue and the airline conflict, relations with the United States were seen as being unsatisfactory. Has this perception changed?

[Biehl] Without a doubt, one of the greatest challenges in the post-Cold War era involves ensuring that corporative interests do not control the relations between countries. This phenomenon exerts pressures within our countries. It is the task of the government to see to it that no such pressures are imposed when they affect our principles or other interests. The same is the case internationally. The improvement of international politics requires the strengthening and modernization of diplomacy. Basically, there are two possible paths. Along one path, the large countries would impose the guidelines for their future conduct on the smaller ones. The other path requires very active diplomacy of a kind that will reconcile the interests of the large and small countries more efficiently. The second path, which requires that the small countries participate as actors, is Chile's choice. The stage that is just beginning offers an opportunity to consolidate our trade with a country that in terms of blocs is our most important partner.

[Ruz] Is it possible to raise the level of mutual confidence in these relations?

[Biehl] There is a great coming together of businessmen today. The private sector has enormous dynamism. It is the task of the government to facilitate these agreements. It is possible to improve cultural relations through the theater, culture, and music, with the universities and labor sectors. The improvement of relations in every sector—ranging from politics to the economy—will develop very fluidly, and not through the bureaucratic bodies.

[Ruz] Will there not be some speedier personal contact?

[Biehl] That will happen. Perhaps because we live in a corner of the world, because we have a tremendous mountain range, an immense ocean, and an Antarctic territory, we tend to think somewhat like islanders. Today, chiefs of state meet with great speed and ease, but we still think in terms of extensive presidential retinues. Today's politics require results. These personal relations can be very important, and I believe that President Frei and Minister of Foreign Relations Carlos Figueroa will develop a much more modern style of international diplomacy, and within Latin America. this is perfectly possible. What we must do is put an end to the excessive pomp—formal gun salutes, plush carpets, and the like.

[Ruz] Apart from the economic benefits, what others will a free trade treaty bring to Chile?

[Biehl] I am not so sure of the immediate economic benefits. The great achievement for Chile will be the securing of an agreement that will allow any kind of industry to be established in Chile, guaranteeing that there will not be cold, absurd competition between the largest and the smallest and that we can think in terms of a medium and long-term plan without threats or pressures. The establishment of the rules of the game is essential to the strengthening of democracy and a Chile free of poverty. Being a part of this process provides a very important guarantee. [passage omitted]

Pending Human Rights Cases Reviewed

94SM0377A Santiago QUE PASA in Spanish 21 May 94 p 25

[Article by Melanie Josch]

[Text] The old human rights wound, reopened by the polemic decision handed down in the "decapitations case," is not by any means healing over in silence. Sources affiliated with the judicial branch confirm that major resolutions in five human rights cases are imminent. These cases will be heard mainly in the months of June and August, and this raises a serious question about the repercussions they may have.

The recently reopened court case against Lt. Col. Fernando Laureani Maturana, charged with the kidnapping of the brothers Jorge and Juan Andranico Antequera, who were members of the MIR [Movement of the Revolutionary Left], is one of the cases that worry the Army most, because an officer on active duty is involved. That is why it was one of those that triggered the 28 May 1993 "show of force" by the Army. The outcome depends on a motion to set aside filed on behalf of the officer. The speculation is that it may be rejected. To this is added the fact that the prosecution is asking that the case be expanded to include the kidnapping of a third member of the MIR—Francisco Gonzalez Manriquez.

Where the Tucapel Jimenez case is concerned, the principal defendant, former major Carlos Herrera Jimenez, was notified on Tuesday, 17 May, that he had been sentenced to 10 years in prison in connection with the death of a freight hauler, which occurred in 1984 while he was working for the CNI [National Intelligence Center] in La Serena. Now the prosecution is asking that he be transferred to an ordinary penal institution, since at least until Wednesday, 18 May, he was still in the custody of the Telecommunications Regiment. The novel aspect in this trial, according to sources familiar with its handling, is that two new defendants may be included. According to the prosecuting attorney, Jorge Saavedra, both are active Army personnel.

Saavedra himself is prosecuting the case resulting from the death of the journalist Jose Carrasco (MIR), and he says that the investigation has led to the identification of those responsible for the murder. He explained that their names will be made public within two or three months. The surprise factor is that those responsible are said to be six retired members of the Armed Forces and two on active duty—one in the Carabineers and the other in the Army.

Within the group of "worrisome" cases, that involving the assassination of the Spanish diplomat Carmelo Soria is of singular importance. Charged in that case are two Army officers on active duty—Col. Jaime Lepe and Col. Pablo Belmar.

Although the case is on hold, following the disqualification of Judge Marcos Libedinsky, it is expected that a new judge will be appointed in the coming weeks. The leading candidate is said to be Eliodoro Ortiz, who was recently appointed to the Supreme Court by the government. Although an effort has been made on two occasions in this case to have the 1978 Amnesty Law applied, it is believed unlikely that this can be achieved. The prosecution contends that a convention providing the maximum penalty for the murderers of international officials and diplomatic personnel was ratified into law and has been in effect since 1977. And there is a possibility that would complicate matters further for the government and the Army—the case might even go to the court in The Hague. Other sources, however, say that the possibility that this will happen is minimal.

In the Letelier case, finally, former DINA [National Intelligence Directorate] chiefs Manual Contreras and Pedro Espinoza have already been sentenced in a court of the first instance to six and seven years in prison, respectively. Both have filed appeals, because they believe that the exclusion of this case from the jurisdiction of the Amnesty Law violates the principle of equality guaranteed by the Constitution. The appeal filed by Contreras has been accepted, but that filed by Espinoza has not. A decision in the case is expected in the coming days. Individuals close to the investigation have voiced the certainty that Contreras will succeed in getting his sentence reduced to less than five years by the

Supreme Court. This is the minimal sentence of "deprivation of freedom" for those convicted of this crime. It would mean the reduction of the retired general's sentence to the requirement that he sign in with the Parole Board once a month, remain in the custody of the police, or have to report for lockup only at night.

Colombia

DEA Cancellation of Police Meeting Termed 'Snub'

PA1207160894 Santa Fe de Bogota Inravision Television Canal A in Spanish 0230 GMT 12 Jul 94

[From the "QAP News" newscast]

[Text] At the last minute, the DEA has canceled the meeting scheduled for tomorrow with police directors who traveled this weekend to Washington for this purpose. Does this mean that—as the popular saying goes—the DEA stood us up?

Not only that. Apparently this has been the worst DEA snub of Colombia's two most important police officers.

The DEA has canceled, via a communique, the entire official program that DEA officials prepared three months ago for the Colombian officers, a program confirmed at the latest summit of police departments in Quito.

An agenda had been prepared. QAP was able to obtain a copy of the agenda. But apparently the DEA has met with the two Colombian officers behind closed doors.

This evening National Police Director General Octavio Vargas Silva and General Rosso Jose Serrano found out, from QAP, about the cancellation of the meeting that the DEA had planned for them tomorrow.

The DEA issued the communique officially cancelling the meeting between the generals and DEA Chief (Thomas Constantine) to the media first. DEA claims that Colombian media reported that the visit had a purpose other than that established in the program.

The agenda refers to the adoption of anti-drug policy decisions by the United States and Colombia. In order to proceed with this the United States requires prior and intense preparation; this is why the program has been cancelled, the communique states.

Three months ago, the DEA chief in Colombia, (Joe Stokes), proposed the visit. The invitation was confirmed at the police summit in Quito. The two generals traveled to Washington Saturday accompanied by the DEA chief in Colombia.

This is the official schedule that Washington's DEA office had delivered to the Police Directorate in Bogota:

The program runs through 14 July.

Saturday, 9 July: Departure for Washington.

Sunday, 10 July; Monday, 11 July: free days.

Tuesday, 12 July: Visit to DEA from 0900 to 1100. This is the visit that was cancelled.

In the afternoon, a visit to the Capitol and visits to the State Department and the Justice Department.

The situation could be described as unpleasant. The government views it this way. The concern created by this incident could have serious consequences.

QAP has established that the curt DEA communique hides the U.S. Government's concern that a meeting between the police directors and important U.S. Government officials could somehow entangle the relations between the United States and the incoming Colombian Government. But there are some quesions: When DEA invited the Colombian police to the United States three months ago, there were no narco-cassettes. How much has the release of these cassettes had to do with this last-minute cancellation of the visit?

The narco-cassettes came to light some weeks ago. Why cancel the visit when the Colombian delegation had already arrived in Washington?

Last week, President Cesar Gaviria and Foreign Minister Noemi Sanin warned that Colombia will not be pressured by any foreign government, in clear reference to a letter in which the United States criticizes the way the fight against drug trafficking is waged by Colombia.

Did this position influence DEA to change its mind about the invitation to the Colombian Police?

And one last question: At 2000 Sunday, news of the cancellation of the invitation started to circulate. But the Colombian generals in Washington did not know about any change in plans. Was this a deliberate discourtesy toward the visitors?

If the Colombian police directors actually talked today with DEA officials, this was outside of the agenda, considering that QAP has the official agenda in hand and it shows that the first meeting was scheduled for tomorrow.

Agent Alleges DEA Agents Accepted Cartel Money

PA1207181194 Hamburg DPA in Spanish 1214 GMT 12 Jul 94

[Text] Santa Fe de Bogota, 12 Jul (DPA)—Reports on the alleged complicity of DEA members with Cali Cartel bosses today gained force thanks to testimony by an agent from the Prosecutor General's Office who had infiltrated the Cartel. He has said he was present at a meeting between the two parties.

The Colombian agent, whose face was kept hidden during an interview with the CMI newscast, said he infiltrated the Cali Cartel and held several meetings "with the management" of the group: the brothers Gilberto and Miguel Rodriguez, and Jose Santacruz.

The agent said that on one occasion he was surprised to see two DEA agents at one of the meetings. They, a man and a woman, received "a large amount of dollars" from the mafia, the agent said.

The newscast reported that the alleged DEA agents, of Mexican origin, each received $400,000 for informing on operations by DEA and Colombian antinarcotics authorities.

Until now, reports on the possible complicity of DEA agents operating in Colombia with drug traffickers had been mentioned only incidentally by the local media within the framework of a new chapter of differences between Bogota and Washington in the struggle against the mafia.

The tension that began at the end of last year increased on 30 June when the State Department sent a letter to Bogota affirming that the Colombian Government had "dropped its guard" in the struggle against the drug cartels.

The letter was vigorously rejected by the government of President Cesar Gaviria, which said in its official reply that quite often it has felt alone in the struggle because the United States and other developed countries have "dropped their guard" in matters like reducing drug use, fighting money laundering, and working against trafficking in chemicals used to process cocaine.

The testimony of the Colombian agent comes at a time when the acitivities of the so-called Search Bloc against the Cali Cartel chieftains have been intensified in an effort to find both the Rodriguez brothers and Santacruz, who are accused of drug trafficking and illegal acquisition of wealth.

According to what has been established, operations have intensified as a consequence of the scandal that flared up when it was found that cartel bosses tried to infiltrate the political campaign of President-elect Ernesto Samper, as well as that of his rival in the June presidential elections, Andres Pastrana.

The attempt was made public when a cassette recording of three telephone conversations between Alberto Giraldo, a well-known journalist, and the Rodriguez brothers was broadcast, in which Giraldo discusses his efforts to get election campaign representatives to accept money.

Although the journalist told the Prosecutor General's Office that neither of the two campaigns accepted the offer, the situation has sown distrust in the government and with U.S. antinarcotics authorities.

Defense Ministry: DEA Cancellation Strains Relations

PA1207190894 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 12 Jul 94

[From the "National Newscast"]

[Text] Regarding the Colombian Government's statement on the cancellation of the meeting between the police director and the DEA, the Defense Ministry communique makes it clear that because of the DEA snub, relations between the two institutions are now very strained.

According to Colombia, the cancellation of the meeting strains relations that have always existed between the two institutions. The Colombian Government questions the fact that the self-same director of the DEA in Quito invited the Colombian police to explain the points of the struggle against narcotrafficking and later cancelled the meeting without cause.

Police Attache Explains Director's Visit With DEA

PA1207192594 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 12 Jul 94

[From the "National Newscast"]

[Text] One of the reasons for Colombian Police Director General Octavio Vargas Silva's visit to Washington was precisely to mediate with the DEA, to show with documents and precise figures Colombia's progress in the fight against narcotrafficking. But the general never unpacked his suitcase.

[Begin Guillermo Leon Diettes, Colombian police attache in Washington, recording] Basically, I insist, the DEA says that according to some media the objectives changed and a different interpretation was rendered, different from the one we had established which was in the sense of police duties only. I cannot say anything about the rest of it, as I am not authorized to do so. The DEA bulletin is very clear. In the last part it says that a DEA official met—it was not one official, but several DEA officials—with the police director, with the Colombian delegation. It is important that this be made clear. The general did not meet with Thomas Constantine, the administrator, but he did meet with some high-ranking DEA officials. [end recording]

New Cassette Blamed for Cancellation of Vargas Visit

PA1307020494 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 13 Jul 94

[From the "Seven O'Clock" newscast]

[Text] [Announcer] A major mess—that is how we could describe relations between Colombia and the United States, which continue to deteriorate. The U.S. authorities' not very diplomatic cancellation of an official visit by the National Police director to the DEA in the United States is reportedly related to the appearance of a fourth narcocassette containing nine telephone conversations between journalist Alberto Giraldo and the Rodriguez Orejuela brothers:

[Begin unidentified reporter recording] Part of the recording reportedly refers to National Police Director General Octavio Vargas Silva. Current television rules prevent us from playing the recordings, but let's go over the core of the alleged accusations against Gen. Vargas Silva.

The main topic of the nine conversations between journalist Alberto Giraldo and the Rodriguez Orejuela organization is the urgent need to hamper Search Bloc operations in Cali for three months and the delivery of an alleged bribe, which journalist Giraldo had in his hands for several days.

A voice—evidently the person who recorded the calls—placed one of the calls on the very day of the transfer of command to Police Director Gen. Octavio Vargas Silva; that is, on 16 December 1993. These pictures were filmed on that date.

Through these calls Giraldo was trying to locate an alleged Colonel Espana, who was to be tasked with delivering—reportedly to Gen. Vargas Silva—a bribe ordered by Rodriguez Orejuela. Col. Espana, whose surname seems to be fictitious, said he attended the transfer of command to the current police director.

In another conversation between journalist Giraldo and Gilberto Rodriguez, chief of the Cali cartel, he asked the journalist not to touch the transfer of command issue over the telephone. Rodriguez Orejuela said that one has to be very careful with such calls, that it is very risky to talk over the telephone. He begged Giraldo not to refer to that man—supposedly the police director—over the telephone.

Finally, in the conversations Giraldo also promised to intercede with Government Minister Fabio Villegas to delay search bloc operations in Cali. [end recording]

[Announcer] The scandalous part about this whole issue is not that the charges against Gen. Vargas Silva are invalid as evidence before the law, as was the case with the previous cassettes, but that the U.S. Government—having learned about the recordings from Gen. Vargas Silva himself—gave more credence to conversations between people acting outside the law than to the efforts against drug trafficking by the Colombian police director. That is how the cassette circulated among the authorities. This is the confidential report:

[Begin unidentified reporter recording] The fourth cassette, which found its way to journalists on 12 July, was in the hands of Police Director Gen. Vargas Silva last week. It was given to him by a person who received it in the same fashion the previous cassettes were delivered—that is, anonymously. After listening to the tape, Gen. Vargas Silva forwarded it to his boss, Defense Minister Rafael Pardo. Gen. Vargas Silva also forwarded the cassette to the U.S. Embassy in Bogota. His intention was to inform the government in Washington about this to know whether his official visit to that country would be canceled because of this last-minute inconvenience. This visit was scheduled to begin on the next day.

The DEA contacted Gen. Vargas Silva in Bogota and confirmed that the invitation was still on. Based on this communication, Gen. Vargas Silva and Gen. Rosso Jose Serrano traveled to Washington. Although the DEA approved the visit, the State Department apparently opposed it even after the delegation was already in Washington. Within a matter of hours, all appointments with the Colombian commission were canceled, including a meeting with the DEA director. The visit was changed from official to private and was to involve meetings with mid-level officials. After the defense minister learned of this rudeness, he immediately ordered the generals to accept no contacts and to leave the United States for Colombia. They will return here in the next few hours. [end recording]

Defense Ministry Communique Notes 'Displeasure' With Canceled Visit

PA1307021394 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 13 Jul 94

[From the "Seven O'Clock" newscast]

[Text] The Colombian Defense Ministry issued a revealing communique reflecting the Gaviria administration's displeasure at the way a visit by General Octavio Vargas Silva was canceled. Although it does not refer to the fourth narco-cassette, it points out that the invitation was confirmed the day prior to the trip, thus the cancellation is inexplicable when Vargas Silva was already in the United States. In other words, this was a major snub.

[Begin unidentified reporter recording] According to the Defense Ministry, two or three months ago in Quito, the DEA invited National Police Director Gen. Vargas Silva to exchange experiences in the struggle against drug trafficking. The invitation was later confirmed in writing through an official letter dated 21 June, and the U.S. authorities forwarded the corresponding airline tickets and the schedule of visits, the communique adds.

It also notes that Gen. Vargas Silva received confirmation of his interviews with the drug czar, members of Congress and the U.S. State Department, Attorney General Janet Reno, and the DEA staff during his visit. The ministry states that, regardless of the DEA's reason for canceling the visit, this is not in keeping with the traditional relations between the two institutions. It adds: On the evening of 8 July, U.S. authorities confirmed to the Police General Directorate that the invitation and working schedule were still on.

The strong document issued by the National Defense Ministry finally states that attitudes such as those expressed in the cancellation of the visit by the Colombian police director are not in accordance with the

traditional ties between the two police directors, that is, the Colombian Police and the DEA of the United States. [end recording]

Gaviria, Sanin Express Displeasure at U.S. 'Snubs'

PA1307023394 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 13 Jul 94

[From the "Seven O'Clock" newscast]

[Text] President Cesar Gaviria, who is still on an official visit to Peru, voiced his displeasure at the U.S. Government's snubs of the Colombian Government in the past few days. He made these categorical statements during a banquet in Lima the evening of 12 July:

[Begin Gaviria recording] As for the struggle against drug trafficking, my country has never lowered its guard, as some have suggested. As a matter of fact, I urge anyone who has done more than Colombia to eliminate the production and trafficking of drugs, at a huge cost in human lives and economic resources, to cast the first stone. [end recording]

The honeymoon with the United States is over, at least that is what President Gaviria implied on the evening of 12 July before high-ranking representatives of the Peruvian Government. He rejected the U.S. Government's position that Colombians are not making strong enough efforts to apprehend leaders of the Cali cartel:

[Begin Gaviria recording] We dismiss as offensive the suggestion that we are not doing enough. [end recording]

Gaviria stressed that consumer countries should cooperate more instead of criticizing and blocking efforts. He added that the international community, not just Colombia, must fight the drug problem.

Gaviria's made his speech at a time when the United States has publicly voiced its concern over the failure of operations implemented in the last five months to capture leaders of the Cali cartel and over charges that the cartel made financial contributions to the presidential campaign. Foreign Minister Noemi Sanin also flatly rejected the most recent gringo snubs:

[Begin Sanin recording] Yesterday we learned that the DEA had invited General Vargas. We do not think it is a friendly gesture for someone who has invited someone to be their guest not to attend to that person properly. [end recording]

It is obvious to international observers that U.S. authorities are pressuring the incoming Samper administration to harden its position toward the Cali cartel.

Defense Ministry Issues Second Communique on Vargas Visit, Tape

PA1307025994 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 13 Jul 94

[From the "Seven O'Clock" newscast]

[Text] The Colombian Defense Ministry has just issued another communique regarding General Octavio Vargas Silva's visit to the United States and the existence of a fourth narco-cassette.

The Defense Ministry reports that Gen. Vargas Silva submitted the cassette to the Defense Ministry on 8 July and, at the same time, asked the Attorney General's Office and the Prosecutor's Office to investigate the case.

2. [number as heard] He sent a similar report to the National Police Commissioner.
3. Gen. Vargas Silva informed the DEA delegate in Colombia, and the latter replied that the agenda for his visit had not been changed.
4. The Defense Ministry does not judge the contents of the cassette.
5. It emphasizes that Gen. Vargas Silva's professional record shows he has rendered his services to his country in an impeccable manner, as proven by his struggle against the Medellin cartel; and
6. We hope, the Defense Ministry states, the results of the investigation are available as soon as possible.

Ecuador

Supreme Court President Views Judiciary

94SM0380A Quito HOY in Spanish 5 Jun 94 p 3A

[Interview with Francisco Acosta Yepez, president of the Supreme Court of Justice, by Susana Klinkicht; place and date not given]

[Text] "You can ask me anything you want, except my age," the conversation begins, and this underlines the fact that it is not due to his meekness that his proposal to introduce more oral communication into Ecuadoran jurisprudence and to make legal procedures flow faster and easier to follow, has not become a specific legislative proposal. The attitude of the president of the Supreme Court of Justice, Francisco Acosta Yepez, is that of a man who wants to maintain his independence, who does not want the judiciary to project the same "truly apocalyptic image," as the police do. His answers can be "truly" provocative.

[Klinkicht] What kinds of trials did you have in mind for the increased use of the spoken word?

[Acosta] Criminal trials basically, adopting the system used in the Anglo-Saxon countries, where the accused is tried before a judge and a jury. You have seen it in films. The jury only decides whether or not the accused is guilty. Nothing more. A judge decides the sentence. The

members of the jury are simply honest citizens. It seems to me worthwhile to involve the community in the administration of justice. The great advantage of administering justice using oral communication is that everything moves smoothly. It is much faster and it also takes place in public. There is no way for anything to be passed to the judges under the table.

[Klinkicht] Do criminal trials already have spoken phases?

[Acosta] We have a procedure called verbal summary in civil law and...do you know what there is that is spoken about it? Instead of formulating his reply by quietly writing in his office, the lawyer goes to court and dictates his reply to the stenographer. In criminal matters, penal courts judge their cases during the plenary phase, that is, those cases where there is a very high presumption of guilt.

[Klinkicht] Is the public present?

[Acosta] The public can attend, but we are so poor, so miserable. A courtroom does not command the slightest respect. And because, in the final analysis, criminal law is the law of the poor, there are no great lawyers in criminal courts.

[Klinkicht] People want civil trials to move faster, especially those about economic issues. Couldn't the principle of spoken procedures be used here?

[Acosta] Yes, it could. But criminal trials lend themselves to it more easily. These are all obviously legal reforms. As the president of the court, I can do nothing. Congress has to provide me with legal standards. Many things go to Congress, but it is a waste of time.

[Klinkicht] Have you submitted proposals?

[Acosta] No. It is a bit complicated for the Supreme Court. The court has to send proposals that are more or less perfect, and they are very long. They usually deal with specialized subjects, and only about 10 of the 77 deputies in Congress will understand them. And there are other interests in Congress.

[Klinkicht] Are you resigned to this situation?

[Acosta] Resignation, as a Christian virtue in other matters, is good. But not as president of the court.

[Klinkicht] You speak of criminal trials for the poor. How does one go about making the system of justice more just?

[Acosta] We have to differentiate in criminal justice, which tries to remove from society those who have committed a crime which marks them as dangerous. According to modern theory, what criminal justice should do is to rehabilitate the criminal. It is said that the criminal is an unfortunate, sick person who is not at fault because he is born good, but then evil society corrupts him. This is a theory that I certainly do not share. So, they want to redeem criminals. But who can be redeemed in our deplorable prisons? Many crimes are committed because people do not have enough to survive, but at the same time there are other crimes that are horrible and that must be duly punished.

[Klinkicht] Crimes committed by people who are not poor?

[Acosta] No. Criminal law is the law of the poor by virtue of the fact that the greater part of those tried by the criminal justice system—90 percent—are from the poorer classes.

[Klinkicht] So justice is not just. How can it be improved?

[Acosta] It tries to punish everyone, but it cannot be improved if the people are not well-educated. This people are corrupt and demoralized.

[Klinkicht] Is justice not corrupt?

[Acosta] Justice is part of the people. But justice is not especially corrupt. I can assure you that there might be, there must be, some bad judges, but we are trying to find them, and when we find a guilty one, we throw him out.

"In This Country, Nobody Wants To Take Responsibility"

[Klinkicht] The comptroller has said that everything his office does is blocked in the judiciary. Public opinion is beginning to talk about criminal activity.

[Acosta] In this country, nobody wants to take responsibility.

[Klinkicht] Exactly.

[Acosta] I beg people to face up to their responsibility. I hear rumors, but no one makes specific charges.

[Klinkicht] The Comptroller's Office's charges are not specific?

[Acosta] Yes, but they are not complete. When they are, trials follow immediately.

[Klinkicht] The recent court decision in the Restrepo case is going to cause disappointment, perhaps violence.

[Acosta] Why?

[Klinkicht] Because people do not believe that two minor figures are the only persons responsible. Do you not think there could be a disaster in the judiciary, just as in the police?

[Acosta] There is not going to be a disaster. Why imagine a truly apocalyptic picture? Because four crooks stole a little or a lot, is the country going to come to an end because of it?

[Klinkicht] The judiciary would continue, in any event?

[Acosta] The judiciary must always continue, to be able to administer justice. The system, as a system, is not corrupt. But society does not cooperate.

[Klinkicht] Because it does not trust the courts. How can that distrust be cured?

[Acosta] Educate the people better.

[Klinkicht] And the judges?

[Acosta] The judges also have to improve. But basic society above all, where the judges come from, and the journalists.... Education in this country is a mess. I am referring to the public schools. It is a pity to see how little they know when they leave school, those poor people who have no access to any other kind of education. Those children leave school with a very poor education. That is where our lawyers and judges come from.

[Klinkicht] Could we not begin to professionalize judges?

[Acosta] There is a university program of studies for the judicial career. It is designed by the court by means of a special examination.

[Klinkicht] Do you believe that the judiciary is independent?

[Acosta] It must be, according to the Constitution, but it has to defend its independence and its integrity against many intrigues.

[Klinkicht] Political?

[Acosta] Political and also from the public. The public that utilizes the services of the judiciary is an evil, perverse public. If judges take money, it is because lawyers offer it to them.

[Klinkicht] The answers you are giving me remind me of the esprit de corps of the police.

[Acosta] I am not that attached to the judiciary. I feel no esprit de corps. I have been a lawyer for 50 years.

CONADE Chief Outlines Development Plans

94SM0380B Quito HOY in Spanish 6 Jun 94 p 2A

[Report on interview with Galo Abril, planning secretary for the National Development Council, CONADE]

[Text] The government of Sixto Duran Ballen will complete some 200 unfinished public works projects during its administration, once important sectors such as telecommunications, electric power, and petroleum are spun off as concessions to private enterprise.

The program will be carried out under the investment plan prepared by the National Development Council (CONADE), and will be extended over several years in order to avoid a halt in public works.

"Inducements to Economic Growth"

"We are committing funds to these projects from the beginning until their completion," HOY was told by CONADE Planning Secretary Galo Abril, who said that Ecuador's economic recovery would begin in 1994.

According to the planning secretary, all the projects that the government has on its agenda "are inducements to economic growth and job creation," because there is a "radical change in the use made of the money paid by the people through the tax system and of income from petroleum."

The projects include the rehabilitation of the canal irrigation system in the Province of Tungurahua to recover extensive areas of farmland, as well as the control of the waters of the Jubones River in the El Oro, Los Rios, and Guayas valleys.

The Tahuin project alone will irrigate between 10,000 and 15,000 hectares, when the canals are constructed that will serve the already completed dam.

Plans to Build 35,000 Dwellings

The planning secretary said that a commission will be put in charge of managing the entire package of investments that in part are financed from the general state budget, in the amount of some 10 billion sucres, and in part from an Andean Development Corporation (CAF) credit.

For housing, the government plans to build about 35,000 units this year through contracts that will be "speedily and properly executed," and which will provide work for at least 150,000 persons. A plan for the repair of primary roads has also been prepared, with financing from the IDB [Inter-American Development Bank] of about $140 million, earmarked for the maintenance of roads and highways.

The Multiplier Effect in Industry

According to Galo Abril, the rehabilitation of these sectors will be carried out with materials from domestic sources, that will have a multiplier effect in the cement, timber, and woodworking industries, and that will encourage growth in the economy and employment.

The planning secretary said that until recently, 80 percent of available funds had been allocated to current expenses, that is, bureaucratic and administrative costs, leaving 20 percent for public investment, which was inadequate to maintain the national wealth, let alone increase it.

This year, that share will rise by 10 points, to 31 percent of total spending which will go to public investment in support of production.

What Will Be Turned Over to the Private Sector

The government will turn over to the private sector large and important investments in new electrical generating

capacity, such as the Intag 15-megawatt project, wind-generated energy of 30 megawatts, and a geothermal energy project on the border with Colombia.

The San Francisco project will also be turned over in concession to private investment with financing from the IDB, as will the Daule Peripa project, the increase in the capacity of the Esmeraldas refinery, the construction of the pipeline as far as Cuenca to utilize installed capacity in the transport of various types of fuels, and the Trans-Ecuadorian pipeline, in addition to telecommunications.

Peru

Colombia's Gaviria Ends Official Visit

PY1307033294 Lima Global de Television Network in Spanish 0130 GMT 13 Jul 94

[Excerpts] Colombian President Cesar Gaviria had a tight agenda today, the second and last day of his official visit to Peru.

Early this morning he accompanied Peruvian President Alberto Fujimori to dedicate two education centers in southern Lima. Later, he paid homage to liberator Simon Bolivar and then attended a special session of Congress, during which he was given a warm welcome. [passage omitted]

Later, the two heads of state affirmed their resolute determination to continue fighting drug trafficking by signing three bilateral cooperation agreements. At the end of the ceremony during which the agreements were signed, and before leaving the country, Cesar Gaviria held a news conference.

In the afternoon, the Colombian head of state, accompanied by the members of his retinue, went to Government Palace where, together with Fujimori, he presided over a meeting in the Golden Hall during which three agreements were signed. The documents were signed by Colombian Foreign Minister Noemi Sanin de Rubio and her Peruvian counterpart, Efrain Goldenberg.

Shortly afterward, Gaviria held a news conference, during which he was asked about the political asylum granted to former President Alan Garcia Perez, the alleged support granted by drug traffickers to the political campaign of the future Colombian president Ernesto Samper, and the first measures he will take when he assumes his position as new OAS secretary general. [passage omitted]

Gaviria then left for the Eighth Air Force Group airport, where Peruvian authorities bid him farewell. After the farewells, he boarded the Colombian Air Force aircraft that was to transport him to his country.

Prime Minister Goldenberg Interviewed

PY1307005294 Lima EXPRESO in Spanish 25 Jun 94 p A2

[Interview with Efrain Goldenberg, president of the Council of Ministers and foreign minister, by Maria del Rosario Pajuelo in New York on 25 June]

[Text] [Pajuelo] What is your opinion of the U.S. Government initiative to submit a draft law for exchanging information with Peru and Colombia to allow the downing of the light planes used for drug trafficking?

[Goldenberg] The U.S. Government is trying to unify its legislation so that it can resume supplying information to Colombia and Peru on flights without risking accusations. This is a U.S. domestic issue and we must wait. The intention is not necessarily to shoot down planes but to prevent them from violating Peruvian air space and to force them to land if they are intercepted. Shooting them down is the last resource.

[Pajuelo] At the conclusion of the America's Society meeting you expressed concern over the lack of an antidrug policy, but you did not mention by which country. Did you refer to the Peruvian or the U.S. Government?

[Goldenberg] I referred to the U.S. Government because we have a clear position. Peru has just completed a new drug enforcement plan which is currently being evaluated by the Council of Ministers and we hope it will soon be published.

[Pajuelo] Will it be published the same way as the IMF letter of intent, to encourage suggestions?

[Goldenberg] That will depend on the ministers. I cannot give an opinion. The antidrug plan is applicable to Peru and not to other countries. It is currently being evaluated in the ministries and its application is imminent.

[Pajuelo] How do you evaluate U.S.-Peruvian relations, bearing in mind U.S. congressmen continue to question Peruvian policies on human rights and the democratic system of this government?

[Goldenberg] The U.S. Congress has made some decisions. I will just say that full democracy and respect for the rights of the people prevail in this country. There is no reason to doubt it.

[Pajuelo] What is your bet, the United States or Japan?

[Goldenberg] It is a simple question of numbers. The country which has economically cooperated most with Peru is Japan and we are very grateful for that.

[Pajuelo] How is the balance of power between the civilian and military ministers in the cabinet?

[Goldenberg] The Council of Ministers, which meets every Wednesday at Government House, comprises 14 ministers working for Pe[illegible] and this is all that can be

said. They are all of equal standing and only two ministers belong to the Armed Forces.

[Pajuelo] The cabinet resign en-bloc in July of every year. Do you think the cabinet you head will continue or will there be pre-electoral changes?

[Goldenberg] This decision concerns the president. Ministers hold a position if they enjoy the confidence of the president.

[Pajuelo] Do you think Minister Vittor will leave the presidential ministry because of the charges against him?

[Goldenberg] The charges have no basis. Minister Vittor has proven that the charges are wrong. He has the support of the president.

[Pajuelo] Will the Lima Convention be signed before July 1995 or will it be left pending for the next government?

[Goldenberg] There is no precondition either way. Congress made some observations and submitted it to the Foreign Ministry for the final touches. We continue to talk with the Chilean Foreign Ministry. There is still no date for signing it.

[Pajuelo] What is your opinion of ex-UN Secretary General Javier Perez de Cuellar as a presidential candidate?

[Goldenberg] Perez de Cuellar is Peruvian. Like any Peruvian he has the right to be a candidate. It is a constitutional right that cannot be questioned.

[Pajuelo] Would you vote for him?

[Goldenberg] If you are asking me for my personal preference, I would be very happy if President Alberto Fujimori decides to be a candidate.

[Pajuelo] Did the president tell you anything about this?

[Goldenberg] President Fujimori said he has not yet made a decision and as far as I know Perez de Cuellar has not made a decision to be a candidate either.

[Pajuelo] The Foreign Ministry has signed bilateral agreements for the protection of investments with some countries. Do you believe the time has come to sign agreements preventing double taxation as a complement of the agreements guaranteeing investments?

[Goldenberg] I fully agree. There is great interest in signing agreements to prevent double taxation. All agreements for protecting investments should be followed quickly by agreements to prevent double taxation. This opinion is shared by Economy Minister Jorge Camet and by Industry Minister Liliana Canale with whom I discussed this issue recently. We will follow this path soon.

[Pajuelo] The AFP [Pension Fund Managing Companies] will celebrate its first anniversary this month. Evaluations concur that a lack of government support for the new system is the reason for the slow membership process. Will this government apathy be repeated next year.

[Goldenberg] Perhaps there was some delay on the part of the government over the implementation of the Social Security Normalization Office (ONP) but fortunately this office is now working and will probably give the impulse the AFP was expecting. The government believes the system is working, perhaps not at the speed many people want but it has the support of the government.

Police Focus On SL Dissident Leader

PY1307021594 Lima EXPRESO in Spanish 28 Jun 94 p A5

[Text] With the recent arrest of three high-ranking leaders of the Shining Path [SL], the unruly SL faction has suffered very harsh blows. The blows, however, do not seem to have been definite.

According to analysts of the security forces, the arrest of Felipe Tenorio Barbaran, Moises Limaco Huayascachi, and Abdon Cruzzat Cardenas will severely affect the faction headed by Oscar Ramirez Durand, aka "Feliciano," but—they maintain—it will still be a while before the organic structure has been fully dismantled and defeated.

The police, however, hope that the recent blows will weaken the faction headed by "Feliciano" supporters and make it more vulnerable to police actions.

The latest arrests of SL leaders registered in less than five weeks seem to tighten the cordon around "Feliciano," who has become the main target of the antiterrorist forces.

But, in addition to "Feliciano", the police are after six of his close aides whom, it has been established, form the collegiate that currently heads the "Red Path" [Sendero Rojo], the dissident SL faction that is opposed to the peace proposal made by Abimael Guzman from his prison cell.

Among the most-wanted SL members are the survivors of the historical leadership of the SL that started its armed actions more than 14 years ago.

Among them, the most important is Teresa Durand Araujo, aka "Doris," wife of Osman Morote Barrionuevo and sister of Maximiliano, an SL leader abroad.

"Doris" is one of the few SL founders who is a member of the current SL central committee. Due to her background and her family ties, she is considered a key member of the organization.

Ostap Morote Barrionuevo, aka "Luis" or "Mario," brother of Osman, is also a founder of the group and,

according to police investigations, one of the current leaders of the metropolitan regional committee and of the central committee.

Margie Clavo Peralta, aka "Nancy," is another SL founder and, according to the latest police reports, she heads the southern regional committee that is responsible for Apurimac, Puno, Cusco, Madre de Dios, Arequipa, Moquegua, and Tacna.

Elizabeth Gonzalez Otoya, aka "Aurora," is one of the youngest members of the SL central committee. In the famous videotape in which Guzman appears dancing "Zorba the Greek," "Aurora" stands out for her youth and enthusiasm.

Jenny Rodriguez Neyra, aka "Rita," is a member of the metropolitan regional committee and of the SL central committee.

Carlos Hidalgo Marchan is also one of the most-wanted SL members being sought by the police. Although there is little information on his activities within the organization, it is believed he is also a member of the central committee.

There are a few other SL members of whom the police only have photographs. Among them are two women who appear in Guzman's video and who have still not been identified.

Other SL members who have still not been identified are those known as "Claudio" and "Artemio," believed to be leaders of the metropolitan committee and the Huallaga committee respectively.

The police believe that the arrest of any of these SL members will harshly affect the faction headed by "Feliciano," who in February decided to reject the peace proposal made by Guzman and to continue terrorist actions.

According to some analysts, the next arrests will be decisive in reducing the SL's operating capacity, which, although not the same as two years ago, shows a tendency to grow.

According to the special report issued in May by the Center for Development Studies and Promotion [Desco], the SL has increased its actions for the second consecutive month this year. It seems that because May marks the anniversary of their "armed struggle," the SL has almost doubled the number of actions over those committed in April. In May a total of 108 terrorist attacks were perpetrated, while in April only 55 were carried out.

Carlos Reyma, a Desco expert on terrorism, has stated that "the recent arrests take place at a decisive moment in which "Feliciano" tries to speed up the rhythm of his actions as the electoral period approaches."

But the most serious thing for "Feliciano's" faction would be having its three high-ranking leaders who have been arrested decide to side with Guzman once in prison. Reyna added: "It is quite likely that Guzman will convince them of the need for a peace agreement, which will seriously affect "Feliciano."

The police antisubversive strategy, which has already resulted in the arrest of the main leaders of the SL dissident faction and the dismantling of the group's main apparatus, is now focused on "Feliciano."

Uruguay

Foreign Minister Abreu Interviewed in Spain

PY1207233894 Montevideo EL PAIS in Spanish 7 Jul 94 p 10

[Interview with Foreign Minister Sergio Abreu by EL PAIS special correspondent Daniel Beltran Rohr in Madrid on 6 July]

[Text] [Rohr] What is the importance of this trip within the framework of relations between the Mercosur [Common Market of the South] and the EU [European Union]?

[Abreu] The overriding objective is to improve direct contacts with some European foreign ministers. The meeting with Spanish Foreign Minister Javier Solana is one of the contacts we have made over the last days during our visit to Brussels, the Czech Republic, and Italy.

The issue is important because it answers a need to analyze the EU's proposal to deepen trade relations with Mercosur. This is particularly significant since a resolution was passed during the latest meeting of EU heads of state and government in Corfu, instructing the European Commission and Council to increase cooperation and commercial ties between the regions.

This resolution follows the valuable initiative of Spain, Italy, and other key EU countries, and our concern is now to start a bilateral dialogue and subsequently continue it within Mercosur's institutional framework.

German Foreign Minister Klaus Kinkel will arrive in Madrid today, Wednesday (6 July). We will discuss these subjects during the state visit we will make to Germany in response to an invitation extended by the German Government.

We must bear in mind that the EU is awaiting the culmination of a customs union among Mercosur member countries and the establishment of an appropriate institutional structure.

[Rohr] What is the level of interest in Uruguay and the Mercosur in deepening this relation?

[Abreu] One has to distinguish between economic, commercial, and political aspects. The first two are related to trade between Mercosur and the EU, which represents 32 percent of Mercosur's exports and 23 percent of its

imports. EU exports to Mercosur registered the highest growth in the period 1990-1992 compared with exports to other countries.

Let us recall that the EU is now Mercosur's top investor, its top trade partner, and its top source of resources for cooperation and aid.

With regard to political aspects, one must bear in mind that we live in a globalized and interdependent world. Mercosur is a process that seeks to make opening compatible with integration, it is a springboard into the world economy.

This is why we see integration as a way to make interrelation the modus operandi both inside and outside the region. Europe is the opportunity to complement our external sectors and the need to strengthen our trade relations with the Old Continent's market.

[Rohr] Returning to trade and economic aspects, what are the most important topics in Uruguayan-EU relations?

[Abreu] The EU has signed a framework cooperation agreement with each Mercosur country, in Uruguay's case it was signed in November 1991 and economic cooperation was the surprise within these agreements. They will be used to vitalize and motivate economic operators through the fomenting of exports, industrial, scientific, and technological cooperation, and through aid for the creation of joint enterprises.

From the trade viewpoint, relations—as we have already said—are very intense. Uruguay, like Mercosur, exports about 30 percent of its production to the EU. Trade is concentrated basically with Germany, Italy, and France.

Mercosur is a priority for foreign investment from the EU. Some 23 percent of EU investments are directed at Mercosur. This is equivalent to 64.5 percent of direct foreign investment from Europe to Latin America.

Regarding financial services in Uruguay, of the 20 foreign banks that operate in Uruguay, eight are European owned with Spain having the largest share.

Uruguay signed the Cooperation and Friendship Agreement with Spain in 1992 which provides for loans amounting to $118 million in FAD [IMF Fiscal Affairs Department] loans and $200 million under OECD conditions.

We are very satisfied with the functioning of this agreement considering the projects were submitted and approved quickly. Today we can see the results, basically in the area of social projects.

The health sector has received $67 million. This has allowed us to make important investments in equipment and in two modern hospitals in Las Piedras and Canelones. This will improve health attention in the populous department of Canelones.

We have also made an important investment in the educational sector where the Codicen [Central Executive Board] has received $43 million. We believe these loans will, in the short term, prompt a big improvement in two priority areas; health and education for Uruguayan society.

[Rohr] Regarding Mercosur, what is the viewpoint of European heads of government?

[Abreu] Europe is profoundly interested because the progress made in the creation of a free trade zone and the definition of the common external tariff has given credibility to our integration.

EU authorities are waiting for Mercosur to obtain its legal status in order to establish links. Countries like Czechoslovakia are developing and becoming important in Central Europe. They need a fluid relationship with Latin America, Mercosur, and especially with Uruguay.

We insist that Mercosur be dealt with as a bloc so that it can strengthen its links with Europe and with the rest of the World. Negotiations with third countries presupposes a common trade policy and a strengthening exercise within the bloc.

We have also explained that Mercosur was not designed as a fortress, seeking to become isolated. It seeks to become a platform for integration with international economy and trade.

Minister Reviews Attack On Bus Union Office

PY1207225194 Madrid EFE in Spanish 1800 GMT 12 Jul 94

[Excerpts] Montevideo, 12 Jul (EFE)—Interior Minister Angel Maria Gianola said today that the Uruguayan National Transport Workers Union (UNOTT) offices were destroyed by two hooded individuals with links to a group of people who seek to destabilize our institutions. [passage omitted]

Workers of the Uruguay Bus Company, Inc. (CUTSA), the largest bus company in Montevideo, with some 1,000 buses—mostly owned by Spanish immigrants—are in conflict with the company over salary problems and demands over continuous working hours.

The conflict has been going on for a month. During this period three company buses have been burned and two buses have been stolen.

According to the Uruguayan interior minister, he visited the UNOTT offices "to express his solidarity with the union over this attack."

"This has been an attack with intelligence behind it. It was prepared by people who knew what they were doing and who seek to destabilize our private institutions," the minister said.

"I am surprised by the extent of the damage. I have given the firmest instructions to do the utmost to find those responsible for the attack," Gianola said.

The interior minister said: "Some characteristics and elements that are being analyzed by the Police Intelligence department lead us to believe that the attack could have been carried out by the same people who burned buses in the past."

As a consequence of the attack the UNOTT called on members to stop all bus services. The strike, which included buses and taxis, lasted some 10 hours and caused a lot of difficulties in Montevideo, where half of the three million Uruguayans live.

Venezuela

Caldera Opens Fedecamaras Assembly

PA1307032494 Caracas Venezolana de Television Network in Spanish 0032 GMT 13 Jul 94

[Speech by President Rafael Caldera at the opening session of the Fedecamaras, Venezuelan Federation of Associations and Chambers of Commerce and Industry, Assembly at the Teresa Carreno Theater in Caracas—live; broadcast in progress]

[Text] ...the commemoration of the 50th anniversary of the founding of this organization is of utmost importance to the country. It is an example of institutional perseverance at a time marked by many incidents, the disruption of normal conditions, and changes in what is known as political peripeteia [peripecia politica]. Over the past 50 years there have been democratic, dictatorial, and revolutionary governments. Fortunately, amid everything, there has been democratic continuity since 23 January 1958. The existence of this and other important institutions in the country's life is something that undoubtedly reveals a basic principle of Venezuela and its various sectors. Foreign observers find it difficult to identify a clear link between the Republic's institutional life and its political instability.

This celebration, the speech delivered by the FEDECAMARAS president, also reveals a very positive aspect: the awareness that the problems the country is facing cannot be solved by a government of one sector. They must be solved through a joint effort, a shared commitment that I feel compelled to propose and to promote in order to succeed in the difficult task ahead. As we have said before, the country belongs to all of us, and we are all obliged to contribute to opening a path toward Venezuela's economic and social development.

We are facing an emergency situation. The Venezuelan Congress recently approved a resolution in which the government was asked to declare a state of emergency. The government was asked to end the flight of foreign exchange. The government was asked to stop the disproportionate increase in the cost of living. We do not want to exaggerate, but the truth is that each problem we have faced has been bigger than we expected. That is why we had to adopt measures we would have preferred not to implement. We know that these measures are difficult and that unless they are carefully and successfully handled, they could have harmful effects that must be prevented. The measures, however, were absolutely necessary.

It would be very significant for a forum such as FEDECAMARAS to do a thorough analysis of the reasons why these decisions had to be implemented. I think economists and observers have overlooked the significance of the systemic crisis of the Venezuelan financial system. This systemic crisis sometimes has been ignored or even has been considered unimportant, and it reached unsuspected proportions following the collapse of Banco Latino. Congress, the government, and all sectors faced the Banco Latino collapse with a number of emergency measures in an attempt to halt the damage being done to millions of Venezuelans who had their savings—their life savings—in that institution. When the measures were implemented, it was learned that all the references made to the Banco Latino situation did not reflect the true proportions of its collapse.

President Ramon Jose Velasquez said that the appropriate authorities briefed him on the Banco Latino situation a few days before the intervention in that bank. The superintendent of banks told him that the Banco Latino crisis could cost 6 million bolivares and that shareholders were willing to contribute that amount.

We encountered this problem when we assumed this post. We did not order an intervention in the bank. When we assumed the presidency, the intervention in Banco Latino had been done and the bank had been closed, people were demonstrating in the streets, and congressional committees were calling for strong measures. At that time, we never imagined the problem could cost over 300 billion bolivares, but we later learned it was even worse. It was, as the sector's representatives called it, a systemic problem. The government was in a bind over this systemic problem because banking laws assumed that the government was the enemy and that its hands had to be tied. That premise prevailed in the country and received much support during recent years. This situation resulted in the issuance of a law that was tailored for a country other than Venezuela. According to this law, the president of the Republic would theoretically appoint the president of the Central Bank of Venezuela, the superintendent of banks, and the president of the Deposit Guarantee and Banking Protection Fund [Fogade] with the approval of two-thirds of the Senate.

Almost two months passed without a bank superintendent and without being able to replace the Fogade president because some group in the Senate would always object to the candidates. In the end, we practically had to draft a list of people to see who could receive a consensus in the Senate so we could appoint someone.

The Central Bank of Venezuela was given the greatest autonomy because the government was the enemy. The bank superintendent was autonomous. The Fogade president was also autonomous. Oddly enough, when economic commentators—some of them very rationally—criticize the government's economic policy, they never even think of assigning a small part of the responsibility for the events to the Central Bank president, the bank superintendent, or the Fogade president.

I must add that the board members cannot be removed. According to the new law, the directors are appointed for a number of years and cannot be removed except for reasons that make you laugh when you read them because they seem to be taken directly from the labor law. They can only be removed for a lack of probity, [words indistinct], immoral conduct in the position, or serious shortcomings in carrying out their obligations. It would seem that they took the respective article from the labor law. Those are the only grounds for removing any Central Bank of Venezuela board member. I don't say this to elude my responsibilities, but in the end, public opinion will only blame the government for everything that happens.

One day, after lengthy discussions, lengthy and difficult talks with the Central Bank Board, I told the Central Bank president, a man whom I greatly admire, nobody is going to rebuke you for this, because I am responsible to the nation for everything that happens. People who understand the need for the measures we must adopt understand that it was a mistake not to have adopted them earlier. We had been talking with the Central Bank board members for months. The Central Bank made proposals such as the Dutch auction to achieve stabilization. We debated until we had no choice but to take the difficult measure of establishing price controls. We had to apply a tourniquet to stop the hemorrhage that would have finished off all the country's resources. We had no choice but to adopt this measure, yet the Central Bank board majority—a large majority—asserted that it disagreed with the measures. In the end, however, the events confirmed that they had to be established.

I think it would be difficult to understand why a body as important as the FEDECAMARAS assembly—an important forum for the country's business leaders—failed to make an in-depth analysis of the banking system problem or an analysis of its causes, establish the responsibilities that exist in this critical matter, or failed to analyze the measures that must be adopted on the matter. Fortunately, Romero Navas alluded to the issue in his eloquent speech when he mentioned the need to control financial entities.

When we assumed the government, we established that our first priority, in the very short term, would be the struggle against inflation. Inflation did not begin on 2 February. Inflation, as well as the loss of international reserves, had been dragging on for quite some time. The Central Bank lost $4 billion in international reserves during the last year of the previous administration. Also, the devaluation was an ongoing process through the [words indistinct] and, had it been allowed to continue indefinitely, it would have pushed our currency to a profound devaluation.

We tackled inflation, and the economists advised us that this is the first step in eradicating the fiscal deficit, a terrible fiscal deficit. We tackled this problem courageously. We cut expenses in a budget that we did not help draft, that was unfamiliar to us. We also proposed a tax reform implemented through the so-called Sosa Plan, through the Special Powers Law that the Congress granted to us spontaneously.

We lowered inflation, excuse me, we lowered the fiscal deficit from 7 percent of the GNP to 2 percent of the GNP. As a result, even the most demanding international observers from the IMF and the World Bank had no option than to admit that the government's policy in this regard was correct.

Why did inflation grow again? I have compared inflation to a hydra, whose head is cut off but grows back. The excessive inflation that we experienced in the past few weeks stems from the crisis in the financial system. When we needed to intervene in eight banks, which had been generously aided by the appropriate authorities, when an assessment of the situation indicated that those institutions could not be saved—and the president of Fogade correctly stated that they could no longer be assisted—a crisis of trust, a trust that had been rebuilt through great efforts, provoked an explosion and excessive pressure on the exchange market, and provoked a flight of capital, a flight of foreign currency that could no longer be accepted or tolerated.

Inflation was then produced by the devaluation. The inflationary pressure increased every time that an increase in the price of a dollar to national currency was announced. We must realize that this has been—at present, and leaving aside theories and general analyses—the main reason for this inflationary pressure, which has inflicted so much damage on the population, and that Venezuelans can no longer endure.

We would be making a terrible mistake if we ignored this. In Venezuela we assert that the crisis of the foreign market exchange and the excessive demand pressures are artificial, because, in a worst-case scenario, the Central Bank of Venezuela and, therefore, the Republic of Venezuela have enough foreign exchange resources to cover all of the imports we need, as well as enough to comply with the nation's international commitments and the commitments to investors. They even have enough resources to cover expenses that could be considered nonessential. What it does not have, however, is unlimited reserves to confront pressures that have been artificially created. This was the case when the money—that the Central Bank gave to Fogade, which it in turn used to assist the banks that were intervened—created pressure

on the exchange market when depositors tried to withdraw funds and exchange them for dollars, which they considered to be the only safe instrument to hold during the banking crisis.

When a crisis in the financial system is created in any given country—and all economists and non-economists know this—when a generalized lack of trust is created, the result is that no bank is able to retain deposits, regardless of how good and healthy it may be, especially in the face of the machinery of rumors circulating in Venezuela. Once this even led us to comment that this is the country's most prosperous industry.

Who is spreading these rumors? I read a document written by former Banco Latino President Gomez Lopez, published in all the Venezuelan newspapers. That document reminded me of the biblical passage in which Samson, after recovering his strength, knocks down the columns of the temple, killing himself and the Philistines. In his document, Gomez Lopez accused all Venezuelan bankers and urged the public to distrust the entire system. The Venezuelan media gave it substantial prominence and coverage while ignoring the fact that they were hurting their own interests because, after all, the interests of the media are those of the country. I believe this problem must be considered. I must add that current banking laws make it very difficult, if not impossible, to exert control over the banks so as to prevent another collapse, which could cause serious harm to all of us.

We had to suspend guarantees to establish a Financial Emergency Board that can place a number of conditions on banks—an experiment that some people have called severe—in order to truly create the capability and safeguards to help the system operate, as well as to prevent public credit from being exposed to the threat of another loss of confidence.

We did not want to suspend constitutional guarantees. We had to do it because there were no legal provisions supporting us. If the guarantee of the inviolability of the home had not been suspended, we could not have searched a number of places where basic necessities were being hoarded, even as people demand them. I do not want to hear anything about price controls causing shortages. Shortages result from a progressive devaluation whereby shopowners believe the article they sell today might earn greater profits later on, and thus they choose to retain it, hold on to it, in order to later reap greater profits.

I believe we must study this situation very seriously. The government—which is, after all, blamed when things go wrong—must be empowered to take certain measures.

Let us take exchange control, for instance. If the government does not seize foreign currency obtained through illegal operations, the situation could deteriorate and the black market, which always lurks in the background when a measure like this is established, could become a dangerous force whose effect would be unpredictable.

This is why I wish to present these points for this honorable assembly to ponder and reflect upon. I insist. If the banking system's problem is not studied carefully, all of the other analyses are unsound. I repeat. The effort to correct the fiscal deficit was positive. It is the banking crisis, during which many mistakes were made, that caused an imbalance. To prevent any more mistakes, however, it is necessary to give the authorities the necessary instruments. A monetary cycle cannot be established artificially. Exchange controls have been established, and an exchange rate which is reasonable and encouraging for exporters has been set.

Some people say exchange control is inconvenient for exporters. I think this idea has been put about without sufficient consideration. For exporters, risk lies in a sudden drop in the value of the currency, which the institutions with which we deal would not tolerate. The Colombian market is very important to the exporters of non-traditional products and to the Andean countries. Colombia could not withstand a sudden drop in the value of the bolivar. With an exchange rate of 200 bolivares to the dollar, Colombians would close their markets and take emergency measures, and trade problems would be aggravated. This danger could be eliminated by establishing a fixed exchange rate. Any claim to the contrary would be correct if we had established an exchange rate that would result in losses for exporters. But you know better. The rate of 170 bolivares to the dollar is very profitable for Venezuelan producers and exporters.

The countries that achieved economic progress did it through harmony between the public and private sectors. Neither Japan nor the four Asian tigers achieved economic progress simply through the private sector.

Liberty yes, and we feel duty-bound to guarantee it and are disposed to guarantee it. If a harmonious agreement does not exist, if there does not exist in one and another sector the will to adopt the indispensable measures to achieve success, all efforts will be futile. That is why I greet with optimism a meeting like this one, because I think that the current moment will lead us all to feel the solidary commitment to which I have referred.

Investors have no need to be fearful in Venezuela. Venezuela has extraordinary natural resources. It has financial resources, less than those during the so-called Saudi-Venezuela days, but enough to conduct healthy and progressive economic relations. Venezuela has extraordinary and unprecedented human resources. The national government is committed to fulfilling all binding obligations with investors. We appeal on behalf of Venezuela so that it will not only be foreign investors but our own fellow countrymen who will stimulate investment, production, productivity. The only way to stop being a profit-oriented economy and to become a production-oriented economy is precisely by paving the path to justice. Why did Homero Nava say that interest rates were one of the obstacles to the productive sectors?

Because banks increased interest rates disproportionately, trying to use the depositors' funds for their own business deals. There were organized mafias which used Venezuelans' money, deceiving them by offering high interest rates. They made people think that it was better to deposit their savings in a bank and earn high interest rates instead of investing in a productive company that would have yielded wealth and benefit for the nation. [applause]

The government hopes that interest rates will drop because of the currency controls. By imposing a limit on devaluation, we are placing a limit on inflation. The government hopes that via these measures we might be able to eliminate the harmful practice of zero-coupon bonds. This has been a gift from the country to those who kept money in its vaults, instead of transforming them into dollars in the hope that by removing excess liquid assets from circulation, we could attain a balanced exchange rate and reduce pressure on our existing foreign exchange market.

It is necessary that this be given consideration. I am convinced that within organizations such as this one there is a lot of patriotism and responsibility in considering this. I have great faith in my country. I would also like to appeal to Venezuelans to invest in the country. Opportunities for investment are many and are open. Hopefully, you will devote at least a few minutes to the law that we issued on building public projects through the concession system. Why do the concessionaires have to be foreigners? We ourselves have many possibilities. The construction industry in Venezuela, which is experiencing one of its worst moments because of what the public sector owes it and because of a lack of investment, both in the public and private sector, may be interested in this system, in this mechanism which has yielded results in brother countries like Mexico and Chile. It is now open, because we managed to pass in the Special Powers Law the possibility of issuing this law on construction of public projects through the concession system, because the previous law proved inefficient. It had so many prerequisites, conditions, and processing requirements that nobody even considered participating or even inviting investors to participate. There is much, much that we can really achieve. [station interrupts live speech in progress to broadcast regular newscast]

Finance Ministry, Central Bank Sign Exchange Accord

PA1207225094 Caracas ECONOMIA HOY in Spanish 11 Jul 94 p I-8

[Report by Hector Garcia]

[Text] The Finance Ministry and the Central Bank of Venezuela [BCV] have signed a new exchange agreement to establish procedures for monetary operations. The agreement, which replaces the one that had been in effect since 1989, goes into effect on 11 July.

According to Decree 268 of the BCV Law, the new agreement sets the exchange rate at 169.57 bolivares to the dollar buying and 170 bolivares selling. These rates can be changed by agreement of the Finance Ministry and the BCV provided circumstances warrant such a change.

Dollars obtained from corporate activities must be sold to BCV, according to Article 6 of the Organic Law, which reserves industry and hydrocarbons marketing for the state. The obligatory sale of dollars includes the amounts that oil sector enterprises must transfer to PEDEVESA [Venezuelan Petroleum, Inc.].

According to the agreement, BCV will credit to depositors' accounts the equivalent in national currency of the dollars obtained. Furthermore, these funds can be withdrawn by depositors only to meet daily needs and only through checks issued in the name of BCV.

In addition, these funds can be transferred to other banks, but only for the purposes mentioned above. To this end, depositors can move their checking accounts freely in the national territory. With these funds, depositors can buy public debt certificates for the amounts determined by BCV. The interest, product of the sale, and partial redemption of the certificates shall be deposited in the accounts to be opened for such a purpose.

PEDEVESA and its branches shall send to BCV copies of all the information on contracts that yield credits, in foreign currency and in favor of the corporation, within 30 calendar days beginning the day the contracts were signed.

In addition, the enterprises mentioned above will report to BCV, in writing and on a monthly basis, on the development of the referent contracts. The corporations are not permitted to keep funds in dollars for more than 48 hours, with the exception of funds placed abroad, where the funds can reach the maximum authorized by BCV and according to the corporations' needs.

Interior Minister on Haitian Refugees Issue

PA1307010894 Caracas EL GLOBO in Spanish 12 Jul 94 p 3

[Text] Interior Relations Minister Ramon Escovar Salom stated that "if the United States refuses to accept Haitian refugees, then Venezuela should not accept them either."

He added, however, that Venezuela is not preventing refugees from entering. "We are trying to prevent individuals from claiming they are refugees when they really are not and from entering the country."

Guyana

Government To Consult Opposition on Haiti Safe Haven

FL1207135294 Kingston RJR Network in English 1200 GMT 12 Jul 94

[Text] The Guyanese Government has confirmed that it has also been approached by the Clinton administration to establish a safe haven for Haitian refugees. According to President Cheddi Jagan, his cabinet has not taken a decision on whether the country will agree to the request. Mr. Jagan [word indistinct] stated, that his administration would have to consult with opposition parties and other interest groups before taking a decision on the issue.

In general the U.S. Government has been asking Caribbean countries to [word indistinct] Haitian refugees until the political crisis in Haiti is over.

Commissioner on Environmental Effects of Mining

FL1007200694 Bridgetown Caribbean Broadcasting Union Television in English 1430 GMT 7 Jul 94

[From the "Caribscope" program; speakers identified by video captions]

[Text] Guyana is a country which has been richly blessed with natural resources. And the mining has been part of the Guyanese landscape for decades. But Shiv Nandalall [GTV (Guayanese TV) correspondent] tells us that the mining industry there is expanding:

[Begin recording] [Nandalall] With an area of 83,000 square miles and a population of less than 1 million people, Guyana's vast mineral reserves still remain to be fully exploited. The countless rivers and waterways run through the largely uninhabited interior, thousands of square miles of land rich in gold and precious stones. Mining in Guyana dates back to over a century ago, and a symbol in the early days was commonly known to many Guyanese as the (?volknocker). He was a figure who faced the rigors of the interior to work the gold and diamond fields. Today, mining is done with advanced to highly advanced technology. In recent years, increasing activity and the methods used in the mining industry have raised the question of a safe environment. The Guyana Geology and Mines Commission has since been taking steps to cope with the expanding industry. Commmissioner of the Geology and Mines Commission, William Woolford, says that the bauxite mining poses the most serious threat to the environment.

[Woolford] Well, after bauxite, I think we have to look at the sedimentation in the rivers caused by the hydraulic dredges, loosely called the missile jets, you know? That sedimentation is not a major problem at the moment, but certainly we want to keep minimizing it and that was the plan of the environmental management agreement that the Geology and Mines Commission pioneered because the hope is that we can have enough studies done so that we can limit the quantity of sediment going into the rivers. So even though we have had over the last four years studies being done in the Kuyuwini River, the Konawaruk River, the Patawa River, the Maduni River, and we got a feel for the levels, and we compared it with other countries of the world. There are no alarm bells ringing, as far as we're concerned, but what we want to do is to make sure it doesn't get worse.

[Nandalall] The vast environment is beyond the scope of the local authorities, and illegal mining occurs. In one operation, miners from neighboring Brazil were arrested by Guyanese security forces and their equipment seized. But of major concern are the methods of extraction of precious minerals and how they impact the environment. Gold extraction is done chemically, with the use of cyanide, by the giant mining firm (All-Mine) gold mines. Small miners use mercury, another substance with toxic properties. The environmentalists feel that the continuous use of mercury and the missile dredging operations can affect the food chain and, ultimately, humans. The Guyana Environmental Monitoring and Conservation Organization, GEMCO, has raised its concerns at various levels.

[Dr. Josh Ramsammy, of GEMCO] Some of these impacts are physical, for example, the physical disturbance of the landscape, the destruction of the landscape, and some of it is chemical, particularly, in this case, in the case of mining activities which make use of mercury to amalgamate the gold particles. In the case of dredge mining, where mercury is used extensively, there is the serious threat of chemical pollution by mercury, which is one of the most dangerous heavy metal poisons known.

[Nandalall] The environmental group is also proposing what steps should be taken to ensure that mining occurs in harmony with the environment.

[Ramsammy] Firstly, we feel that the policies and procedures should be clearly defined with a view to protecting the environment, procedures for allocation of areas and the award of concessions for mining. We feel there should be some regulation at that level. Secondly, there should be realistic environmental legislation. Government, I know at the moment, is looking at legislation for the protection of the environment. But these regulations have to be informed by regular and independent monitoring. We stress independent because we want the results to be credible or to be seen as credible.

[Nandalall] Mining is a valuable source of revenue for the government coffers. It is unthinkable to scrap the industry but necessary to keep the environment free as much as possible from pollution. [end recording]

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